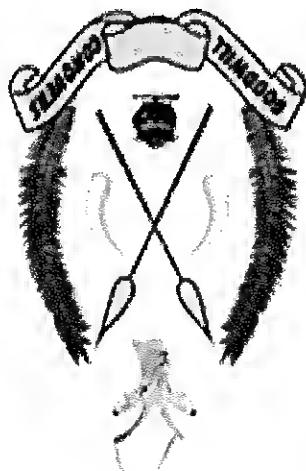
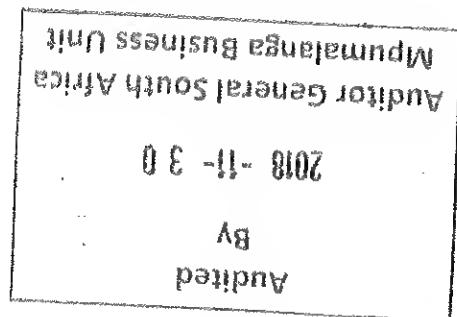


**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

BUSHBUCKRIDGE LOCAL MUNICIPALITY



		BANKERS
	First National Bank 1280 Bushbuckridge Private Bag X9308 1280 Bushbuckridge R533 Graskop Road 30 June 2018)	POSTAL ADDRESS
Mr. E Mashava (Acting Municipal Manager from 01 February 2018 to Mr. CJ Lasa (Contract ended 31 January 2018)	REGISTERED OFFICE	
Mrs. CA Nkuna (Appointed 01 July 2018)	ACCOUNTING OFFICER	
Mrs. CA Nkuna (Until June 2018) Mr. M Matlala (Acting Chief Financial Officer from 01 July 2018)	ACCOUNTING OFFICERS	
Mr. M Matlala (Acting Chief Financial Officer from 01 July 2018)	CHIEF FINANCIAL OFFICER (CFO)	
Zitha RS Tivane NW Thobakgale HP Thabane NP Swela PF Sihlabela HE Shilane MP Seerane KA Sambo GL Qhibi R Phelane KP Nyundu EM Nxumalo TA Nonyane DC Nkuna SS Nkuna LM Nkope SM Ngomaene TW Ndlovu ML Ndlovu L Mzimba VN Mthombeni LI Mhisi CR Moropane BD Mokome MP Mokorena SD Mokorena PD Mohlabine MM Misisi ML Mhene F	AUDITED BY 2018 - 11 - 30 Auditor General South Africa Mpumalanga Business Unit	



The Auditor General South Africa (AGSA)

Standard Bank of South Africa

AUDITORS

General Information

Annual Financial Statements for the year ended 30 June 2018
BUSHBUCKRIDGE LOCAL MUNICIPALITY

The reports and statements set out below comprise the annual financial statements presented to the council:	
Annual Financial Statements for the year ended 30 June 2018	5
Audit Committee Report	6
Accounting Officer's Responsibilities and Approval	7 - 8
Statement of Financial Position	9
Statement of Financial Performance for the year ended 30 June 2018	10
Statement of Changes in Net Assets as at 30 June 2018	11
Cash Flow Statement as at 30 June 2018	12
Statement of Comparison of Budget and Actual for the year ended 30 June 2018	13 - 17
Accounting Policies for the year ended 30 June 2018	17 - 42
Notes to the Annual Financial Statements for the year ended 30 June 2018	43 - 77

PAGE

5

6

7 - 8

9

10

11

12

13 - 17

17 - 42

43 - 77

2018 - II - 30

AGSA	Auditor General of South Africa	
EPPW	Expanded Public Works Programme	
FMG	Finance Management Grant	
GRAP	Generally Recognised Accounting Practice	
IFRS	International Financial Reporting Standards	
INEP	Integrated National Electrification Programme	
IPSAS	International Public Sector Accounting Standards	
IPSASB	International Public Sector Accounting Standards Board	
MFMA	Municipal Finance Management Act	
MIG	Municipal Infrastructure Grant	
MSCOA	Municipal Standard Chart of Account	
MSIG	Municipal System Improvement Grant	
MWIG	Municipal Water Infrastructure Grant	
RBIG	Regional Bulk Infrastructure Grant	
SALGA	South African Local Government Association	
VAT	Value Added Taxation	
WSIG	Water Service Infrastructure Grant	

Contents**BUSHBUCKRIDGE LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2018

Mpumalanga Business Unit
Auditor General South Africa
Audited - 31-3-2018
By

Mrs. CA Nkuna (Appointed 01 July 2018) Accounting Officer

The annual financial statements set out on pages 7 to 77, which have been prepared on the going concern basis, are approved by the council and signed on their behalf by the Accounting Officer on 31 August 2018.

The accounting officer has reviewed the financial position of the municipality's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operation for the foreseeable future.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise the risk that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The annual financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and Municipal Finance Management Act (MFMa).

The accounting officer is responsible for the annual financial statements and related financial information records and are responsible for the integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and are given unrestricted access to all financial records and related data.

Accounting Officer's Responsibilities and Approval

Annual Financial Statements for the year ended 30 June 2018

Mpumalanga Business Unit	Audit General South Africa
2018 - II - 30	Date:
By	Charperson of the Audit Committee
Audited	

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits. The external auditors used internal audit reports for risk identification purposes.

INTERNAL AUDIT

- Reviewed the draft annual financial statements and management's response thereto.

The audit committee has:

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The audit committee is satisfied with the content and quality of the monthly and quarterly reports prepared and issued by the Accounting Officer of the municipality during the year under review.

QUALITY OF PERIODIC REPORTS

The system of internal controls over financial management is effective, efficient and timely. Internal Audit provides training, in line with the MfMA and the King IV Report on Corporate Governance requirements, Internal Audit provides assurance and management with confidence that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the implementation of corrective action and suggestions in the system of internal controls or any deviations there from in their Audit Report.

THE EFFECTIVENESS OF INTERNAL CONTROL

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The audit committee reports that it has compiled with its responsibilities arising from section 166(2)(a) of the MfMA.

AUDIT COMMITTEE RESPONSIBILITY

Mr. Ngobeni J (Charperson)	Rev. Bhegugu FMV CA(SA)
9 (joined 26 January 2017)	9 (joined 05 December 2015)
Mr. Kyszer AC	Mr. Sithole JK CA(SA)
9 (joined 03 December 2015)	9 (joined 26 January 2017)
Rev. Mdzhivandila T (PhD)	Dr. Mdzhivandila T (PhD)
9 (joined 01 May 2018)	2 (joined 01 May 2018)

NAME OF MEMBER

The audit committee consists of the members listed hereunder and meets on a regular basis per annum as per its approved terms of reference. During the current year nine meetings were held.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

We are pleased to present our report for the financial year ended 30 June 2018.

Audit Committee Report

Annual Financial Statements for the year ended 30 June 2018
BUSHBUCKRIDGE LOCAL MUNICIPALITY

7	Audited By	2018 - II - 30	Auditor General South Africa	Mpumalanga Business Unit
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Name	Mr CJ Lisea	Nationality	South African	Appointed 01 July 2018
	Mr E Mshava	Changest	Contract ended 31 January 2018	2018, Contract ended 30 June 2018
		South African	Appointed for Acting from 01 February	

The accounting officers of the municipality during the year and to the date of this report are as follows:

6. ACCOUNTING OFFICER

The annual financial statements were prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Standard Board and as per the prescribed framework by National Treasury.

5. ACCOUNTING POLICIES

The Accounting Officer declared her interest in terms of the Supply Chain Management Regulations.

4. ACCOUNTING OFFICERS' INTEREST IN CONTRACTS

The municipality have agreed the following with the employees in terms of payments:

- 1. 31 October 2018 - payment of back pay for the month of October 2018
- 2. 25 November 2018 - payment of back pay for the month of November 2018
- 3. No later than 31 December 2019 - payment of back pay for the 3 months due from July - September 2018.

which the parties will engage on a revised settlement date. The municipality is in the process of determining the cost implications of this exercise at the time of finalising the audit.

The municipality had taken the matter to court and as at year-end; the matter had not been finalized. The municipality has a potential obligation to employees with the labour union regarding the implementation of this master as it is the view of management that the municipality cannot afford to pay the amount outstanding.

Council took a resolution in March 2014 in terms of which employees that are on the entry level will move one level after 12 months of service and all other employees will move one level after three years of service from the date of the resolution. The resolution was not implemented and the matter was taken to bargaining council by the labor union, which ruled in their favor.

3. SUBSEQUENT EVENTS

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, continuing obligations will occur in the ordinary course of business.

2. GOING CONCERN

The municipality is engaged in the provision of municipal services in terms of Municipal Systems Act no: 32 of 2010 (MSA) and Municipal Finance Management Act 56 of 2003 (MFM). Net surpluses for the year ended 30 June 2018 was R 499,436,717 (2017: surplus R 730,231,769).

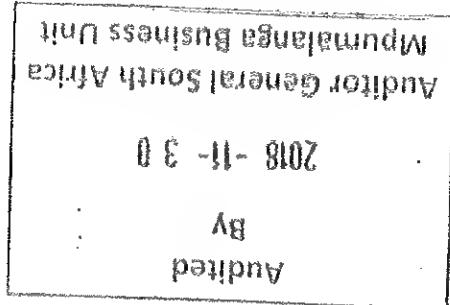
MAIN BUSINESS AND OPERATIONS

The Accounting Officer submit her report for the year ended 30 June 2018.

1. REVIEW OF ACTIVITIES

Accounting Officer's Report

Annual Financial Statements for the year ended 30 June 2018
BUSHBUCKRIDGE LOCAL MUNICIPALITY



The Auditor General South Africa AG(SA) will continue to audit the financial affairs of the municipality.

9. AUDITORS

The municipality's bankers did not change during the year under review. First National Bank is the primary banker of the municipality.

8. BANKERS

The municipality has its own internal audit function. This is in compliance with the Municipal Finance Management Act, 56 of 2003.

INTERNAL AUDIT

The municipality confirms its responsibility to total compliance with the Code of Corporate Governance Practices and Conduct ("the Code"), laid out in the King IV Report. The Accounting Officer discusses the responsibilities of management in this respect, at management meetings and monitors the municipality's compliance with the code on a regular basis.

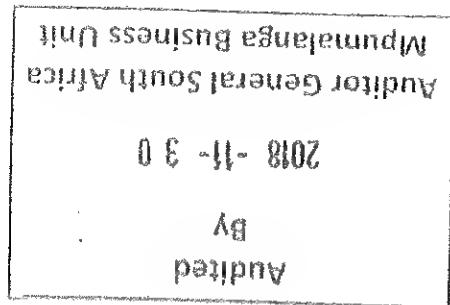
The Accounting Officer is committed to business integrity, transparency and professionalism in all activities. As part of this commitment, the Accounting Officer supports the highest standards of corporate governance and the ongoing development of best practice.

GENERAL

7. CORPORATE GOVERNANCE

Accounting Officer's Report

Annual Financial Statements for the year ended 30 June 2018
BUSHBUCKRIDGE LOCAL MUNICIPALITY



Assets	Current Assets	Inventories	Receivables from non-exchange transactions	VAT receivable	Receivables from exchange transactions	Investment property	Intangible assets	Total Assets	Non-Current Assets	Current Liabilities	Payables from exchange transactions	Consumer deposits	Unspent conditional grants and receipts	Provisions	Non-Current Liabilities	Accumulated surpluses
3,115,673	3,115,673	2,801,098	514,933,398	431,067,762	73,346,266	118,158,372	996,588,291	951,461,031	8	9,159,315	10,063,962	2,991,747,060	3,334,125,844	4,340,505,498	3,954,163,094	11,903,792
4	4	514,933,398	431,067,762	73,346,266	118,158,372	996,588,291	951,461,031	8	9,159,315	10,063,962	2,991,747,060	3,334,125,844	4,340,505,498	3,954,163,094	11,903,792	
5	5	431,067,762	73,346,266	118,158,372	996,588,291	951,461,031	8	9,159,315	10,063,962	2,991,747,060	3,334,125,844	4,340,505,498	3,954,163,094	11,903,792		
6	6	295,701,816	300,779,807	98,339,417	109,805,713	98,339,417	7	9,159,315	10,063,962	2,991,747,060	3,334,125,844	4,340,505,498	3,954,163,094	11,903,792		
7	7	109,805,713	98,339,417	98,339,417	996,588,291	951,461,031	8	9,159,315	10,063,962	2,991,747,060	3,334,125,844	4,340,505,498	3,954,163,094	11,903,792		
8	8	632,048	891,041	10	3,343,917,207	3,002,702,063	3	9,159,315	10,063,962	2,991,747,060	3,334,125,844	4,340,505,498	3,954,163,094	11,903,792		
9	9	632,048	891,041	10	3,343,917,207	3,002,702,063	3	9,159,315	10,063,962	2,991,747,060	3,334,125,844	4,340,505,498	3,954,163,094	11,903,792		
10	10	632,048	891,041	10	3,343,917,207	3,002,702,063	3	9,159,315	10,063,962	2,991,747,060	3,334,125,844	4,340,505,498	3,954,163,094	11,903,792		
11	11	561,285,881	561,285,881	11	436,581,295	436,581,295	14	59,034,940	45,114,761	664,152,683	664,152,683	561,058,370	3,789,447,128	3,290,010,411	3,290,010,411	
12	12	2,454,242	2,440,536	12	52,657,298	57,731,378	13	330,595	7,580,329	52,657,298	57,731,378	492,023,430	619,037,922	45,114,761	3,789,447,128	
13	13	2,440,536	2,440,536	13	52,657,298	57,731,378	14	59,034,940	45,114,761	52,657,298	57,731,378	561,058,370	3,789,447,128	3,290,010,411	3,290,010,411	
14	14	619,037,922	619,037,922	14	52,657,298	57,731,378	13	330,595	7,580,329	52,657,298	57,731,378	492,023,430	619,037,922	45,114,761	3,789,447,128	

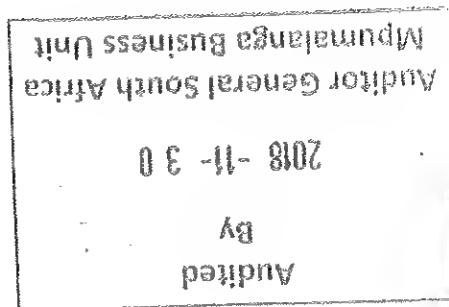
Statement of Financial Position as at 30 June 2018

Figures in Rand

Note(s) 2018 2017 Restated*

Annual Financial Statement for the year ended 30 June 2018

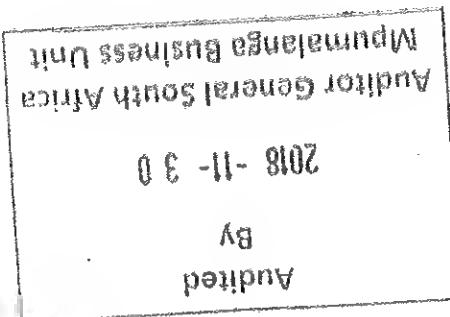
BUSHBUCKRIDGE LOCAL MUNICIPALITY



	Notes(s)	2018	2017	Figures in Rand
Statement of Financial Performance for the year ended 30 June 2018				
Revenue				
Service charges	15	37,583,578	39,388,438	
Rental of facilities and equipment	16	795,901	1,108,530	
Agency services	17	11,614,736	10,353,927	
Licences and permits	18	589,885	153,310	
Operating income	19	5,021,189	12,175,834	
Interest earned	20	123,785,323	121,533,340	
Cultural gains	-	167,390	2,521,346	
Total revenue from exchange transactions	179,558,002	187,234,725		
Revenue from non-exchange transactions				
Property rates	21	185,624,245	160,280,800	
Taxation revenue				
Transfers and subsidies	22	1,207,193,951	1,321,757,494	
Public contributions and donations	23	7,041,592	11,120,498	
Fines and penalties	24	44,454,673	11,761,584	
Total revenue from non-exchange transactions	1,444,314,461	1,504,920,356		
Total revenue	1,623,872,463	1,692,155,081		
Expenditure				
Employee related costs	25	(405,806,934)	(362,49,050)	
Remuneration of councillors	26	(28,072,033)	(28,075,753)	
Depreciation and amortisation	27	(95,974,687)	(83,131,988)	
Impairment loss/ Reversal of impairments	28	(7,944,908)	-	
Finance costs	29	(19,331,593)	(22,850,016)	
Debt impairment	30	(181,014,044)	(69,547,148)	
Bulk purchases	31	(196,493,342)	(212,877,636)	
Contracted services	32	(146,052,409)	(109,253,984)	
Transfers and subsidies	33	(13,617,199)	(16,600,813)	
General expenses	34	(50,128,597)	(9,627,119)	
Total expenditure		(1,124,435,746)	(961,923,312)	
Surplus for the year		499,436,717	730,231,769	

**Audited General South Africa
Mpumalanga Businesses Unit**

BUSHBUCKRIDGE LOCAL MUNICIPALITY



CASH FLOW STATEMENT AS AT 30 JUNE 2018		
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	58,651,072	159,764,298
Grants	1,193,386,000	1,267,881,503
Interest earned	13,457,755	13,355,531
Payments	1,366,608,053	1,339,888,106
Employee costs	(433,878,967)	(390,424,803)
Suppliers	(476,172,224)	(373,279,408)
Finance costs	(54,109)	(32,667)
Net cash flows from operating activities	37	456,502,753
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	9	(445,207,732)
Proceeds from sale of assets	10	171,275
Purchases of intangible assets	9	1,238,517
Net cash flows from investing activities	10	(445,036,457)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
Net increase in cash and cash equivalents	11,466,296	(37,243,300)
Cash and cash equivalents at the beginning of the year	98,339,417	98,339,417
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Net increase in cash and cash equivalents	109,805,713	(37,243,300)
Cash and cash equivalents at the end of the year	110,611,226	98,339,417

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual for the Year ended 30 June 2018

Budget on Accrual Basis

Approved	Adjusted	Final Budget	Actual	Difference	Amounts on	Comparison	Final	Budget and	Actual	Reference	Figures in Rand
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Statement of Financial Performance

Revenue

Revenue from exchange transactions

Revenue from non-exchange transactions

Rental revenue

Rental revenue from grants & subsidies

Transfer revenue

Government grants & subsidies

Propertry rates

Taxation revenue

Revenue from non-exchange transactions

Total revenue

1,582,979,000	58,200,000	1,641,179,000	1,623,705,073	(17,473,927)							
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Expenses

Employee costs

Remuneration of councillors

Depreciation and amortisation

Impairment loss/ Reversal of

Impairments

Finance costs

Debtors impairment

Bulk purchases

Contracted services

General expenditure

Other materials

General expenses

Grant funded expenditure

Capital expenditure

(Loss)/Gain on disposals of assets

Surplus before taxation

Actual Amount on Comparable

Basis as Presented in the

Budget and Actual

Comparative Statement

13

2018 - II - 30

Audited

Mpumalanga Business Unit

General South Africa

Approved

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual for the year ended 30 June 2018

Budget on Accrual Basis

Figures in Rand

Approved budget	Adjusted budget	Final Budget	Actual	Difference between final budget and actual	Reference amounts on comparable basis
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Statement of Financial Position

Assets

Current Assets

Receivables from non-exchange	587,312,000	4,127,000	4,127,000	2,801,098	(1,325,902)	19
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Inventories	587,312,000	514,933,398	(72,378,602)	20
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VAT receivable transactions	848,486,000	-	848,486,000	73,346,266	73,346,266	21
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Receivables from exchange transactions	85,000,000	-	85,000,000	109,805,713	24,805,713	23
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Non-Current Assets	1,524,925,000	-	1,524,925,000	996,588,291	(528,336,709)
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Investment property	3,154,240,000	-	3,154,240,000	3,334,125,844	179,885,844	24
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Property, plant and equipment	1,301,000	-	1,301,000	632,048	(668,952)	26
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Intangible assets	3,155,541,000	-	3,155,541,000	3,343,917,207	188,376,207
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Total Assets	4,680,466,000	-	4,680,466,000	4,340,606,498	(339,960,502)
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Liabilities	401,614,000	-	401,614,000	436,581,290	34,967,290	27
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Payables from exchange transactions	401,614,000	-	401,614,000	436,581,290	34,967,290
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Consumer deposits	-	-	-	2,454,242	2,454,242
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Unspent conditional grants and receivables	-	-	-	330,595	330,595
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Provisions	-	-	-	52,657,298	28
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Current Liabilities	401,614,000	-	401,614,000	492,023,425	90,409,425
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Non-Current Liabilities	138,443,000	-	138,443,000	59,034,940	(79,408,060)
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Total Liabilities	540,057,000	-	540,057,000	551,058,365	11,001,365
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Net Assets	4,140,409,000	-	4,140,409,000	3,789,447,133	(350,961,867)
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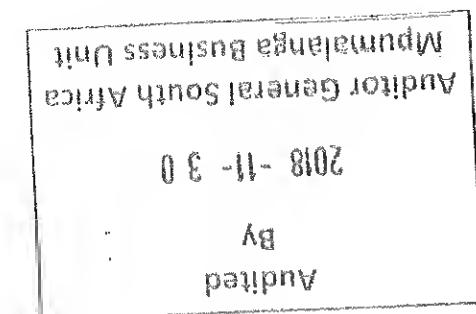
Reserves
Accumulated surplus

Net Assets Attributable to
Owners of Controlling Entity

Net Assets

Audited
By
2018 - II - 30

Auditor General South Africa
Mpumalanga Business Unit



Statement of Comparison of Budget and Actual for the year ended 30 June 2018						
Budget on Accrual Basis						
	Approved	Adjustments	Final Budget	Actual	Difference	Reference
					Basis	
					Comparative budget and actual	
Receipts	91,929,000	66,422,000	158,351,000	159,764,298	1,413,298	
Grants	1,207,212,000	-	1,207,212,000	1,193,386,000	(13,826,000)	
Interest income	27,110,000	-	27,110,000	13,457,755	(13,652,245)	30
Cash flows from operating activities	1,326,251,000	66,422,000	1,392,673,000	1,366,608,063	(26,064,947)	
Payments	(807,439,000)	-	(807,439,000)	(910,051,191)	(102,612,191)	31
Finance costs	(342,000)	(200,000)	(542,000)	(64,109)	487,891	32
Transfers and subsidies	(10,168,000)	-	(10,168,000)	-	10,168,000	33
Net cash flows from operating activities	508,302,000	66,222,000	574,524,000	456,502,753	(118,021,247)	
Cash flows from investing activities	(553,041,000)	-	(553,041,000)	(445,207,732)	107,833,268	33
Purchase of property, plant and equipment	(553,041,000)	-	(553,041,000)	(445,207,732)	107,833,268	
Proceeds from sale of property, plant and equipment & intangible assets	750,000	-	750,000	171,275	(578,725)	34
Net cash flows from investing activities	(552,291,000)	-	(552,291,000)	(445,036,457)	107,254,543	
Net increase/(decrease) in cash and cash equivalents at the beginning of the year	(43,989,000)	66,222,000	22,233,000	11,466,296	(10,766,704)	
Cash and cash equivalents at the end of the year	81,774,000	66,222,000	147,996,000	109,805,713	(38,190,287)	

Cash Flow Statement

Figures in Rand

Budget on Accrual Basis	Approved	Adjustments	Final Budget	Actual	Difference	Reference
					Basis	
					Comparative budget and actual	

Annual Financial Statements for the year ended 30 June 2018
BUSHBUCKRIDGE LOCAL MUNICIPALITY

21. VAT receivable: this was a result of proper application controls to ensure accuracy on both input and output VAT.

20. Receivable from non exchange: Government debtors paid for property rates in the current year, this was mainly enhanced through government forums, intervention by COGTA, Provincial Treasury and the Premier office.

19. Inventories: through proper inventory management, maintaining a reader levels through automated processes the municipality did not hold up large quantities of inventory during the year.

17 & 18. General/ Operating expenses: the reclassification to be in line with the MSCOA and GRAP reporting framework led to the significant variances.

16. General/ Operating expenses: the reclassification to be in line with the MSCOA and GRAP reporting framework led to the significant variances.

15. Contracted Services: the reclassification expense, repairs and maintenance to be in line with the MSCOA and adherence to GRAP reporting framework led to the significant variances.

14. Finance costs: the interest largely consists of Rand water interest billing on disputed readings. The dispute resolution process as per the signed agreement is underway.

13. Bulk purchases: water restrictions and cuts led to low usage hence low billings from Rand Water.

12. Debt impairment: the municipality collection rate was low from households and business during the year and a considerable number of consumers are negligent hence an marginal increase in impairment.

11. Impairment loss: the municipality embarked on the full verification. And conditional assets of all municipal assets and this resulted in the impairment loss which was not budgeted for.

10. Depreciation: the ageing infrastructure reaching its useful lives and significant write downs due to the full verification carried out by the municipality in the 2017-18 period.

9. Employee related costs: the variance was due to the revised approved program to cater for vacant positions which were substantially filled.

8. Fines, penalties and forfeits: through the contracted service provider the municipality issued a substantial number of traffic tickets hence the higher revenue.

7. Public contributions and donations: the donations from quasi government and private sector were not anticipated at the budget stage.

6. Interest on outstanding debts: due to the slow payment of debtors the municipality realised an increase in interest on outstanding balances.

5. Other income: the variance is due to insurance refund and a debtor raised against Eskom which was not anticipated during budget preparations.

4. Licenses and permits: the municipality had anticipated to register more business licenses in the current year. Due to slow economic growth this was not achieved.

3. Agency services: the municipality collected more form license and car registrations as well as drivers licensing. Automated process through e-Natis has improved the operations hence the DLTs have capacity to serve more people.

2. Rental of facilities and equipment: due to slow economic growth and persistent economic challenges there was insignificant take up of rental properties and equipment by the business and community.

1. Service charges: the variance is due to a considerable number of faulty meters and slow formalisation of tenancies.

VARIANCEx EXPLANATIONS.

Notes to the Annual Financial Statements for the year ended 30 June 2018	Auditors General South Africa	Annual Financial Statements for the year ended 30 June 2018	Figures in Rand
BUSHBUCKRIDGE LOCAL MUNICIPALITY 2018 - II - 30 Audited By			2018

Audited	By	2018 - II - 30
Mpumalanga Business Unit Audit General South Africa		

A summary of the significant accounting policies, which have been consistently applied in the preparation of annual financial statements, is disclosed below.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

The annual financial statements have been prepared in accordance with the Municipal Recognition Act (Act 56 of 2003).

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

1. Presentation of Annual Financial Statements

Accounting Policies for the Year ended 30 June 2018

35. Proceeds from sale of assets: the assets approved by council and eventually sold were less than the anticipated ones.
34. Purchase of current year Assets: the cash paid for the asset additions was less than anticipated though a significant involvement was accrued and paid in the new year.
33. Transfers and subsidies: All the actual payments are grouped under suppliers and employee cost and this class of transaction was erroneously budgeted for.
32. Finance cost: the outflow of cash through finance cost was minimum as the municipality was ensuring a significant number of payments are done within 30 days.
31. Supplier and employee costs: the variance is due to increased expenditure in the year under review and payments made in the settlement of creditors, including significant payment to reduce the Rand Water balance.
30. Interest income: lower interest earned from the bank balances than anticipated.
29. Provisions: the useful lives of landfill sites were reviewed to nil thus the re habilitation costs falls due in the next twelve months.
28. Consumer deposits: during the budget phase, these were included in payables from exchange transactions.
27. Payables from exchange transactions: the municipality settled long outstanding creditors including the Rand Water debt during the reduction in accounts payable.
26. Intangible Assets: the municipality had anticipated to buy more software for MSCOA implementation which was not the case during the year.
25. Property, plant and equipment: increased funding for capital projects for MIG, WSIG and RBLG led to the implementation of capital projects hence increase in asset base than anticipated during budget preparations.
24. Investment property: during the budget stage this was bundled together as property plant and equipment.
23. Cash and cash equivalents: through proper management of cashflows a positive balance was achieved.
22. Receivables from exchange: with low collection rates which have been prevalent in prior years, there was an anticipated higher debtors book.

Notes to the Annual Financial Statements for the year ended 30 June 2018	2018	2017	Figures in Rand
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The carrying amount of available-for-sale financial assets would be an estimated $R - \text{lower or } R - \text{higher}$ were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The fair value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The carrying value of financial instruments existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The fair value of financial instruments traded in active markets (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for remaining financial instruments.

Fair value estimation

An allowance for stock to write down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Allowance for slow moving, damaged and obsolete stock

Government debtors are excluded from provision calculation as they generally have a history of meeting their obligations. Grade C: 100% of total balance outstanding on account. Customers with no payment history. Accounts are considered to be delinquent. The balance is provided for in full (100% of the amount outstanding).

Grade B: 100% of balance outstanding in excess of 90 days. Customers with a payment history but with balances outstanding in excess of 90 days. The balance outstanding in excess of 90 days is provided for in full.

Grade A: No provision. Customer payments are up to date. There is no balance in arrears.

basis:

The impairment of trade receivables is calculated based on the grading of individual debtors according to their payment history. An accumulation of arrear balances is an indicator of debtor delinquency. Such debtors are provided for as they are considered to be impaired due to uncertainty surrounding the recoverability of the outstanding amount. Debtors are graded on the following basis:

The calculation in respect of the impairment of debtors is based on assessment of the extent to which debtors have deflated on payments already due to uncertainty surrounding the recoverability of the outstanding amount. This was performed per debtor.

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

1.3. Significant judgments and sources of estimation of uncertainty

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.2. Going concern assumption

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.1. Presentation currency

Annual Financial Statements for the year ended 30 June 2018

BUSHBUCKRIDGE LOCAL MUNICIPALITY

2018 - II - 30

By

Audited

Mpumalanga Business Unit	Auditor General South Africa
1.1. Presentation currency	
Annual Financial Statements for the year ended 30 June 2018	
BUSHBUCKRIDGE LOCAL MUNICIPALITY	

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that can be measured reliably.

are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is held for use in the production or supply of goods or services or for administrative purposes.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

- sale in the ordinary course of operations.

- administrative purposes, or
- use in the production or supply of goods or services for both, rather than for:

investment property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation

1.4 Investment property

The estimation of the useful lives of assets is based on management's judgment. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation where appropriate. The estimation of residual values of assets is also based on management's judgment whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

Depreciation and carrying value of items of property, plant and equipment

Impairment loss is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

On debts an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The debtors an impairment loss is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Allotwance for doubtful debts

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and sewer networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Useful lives of waste water and water network assets and other assets

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are included in note 14 - Provisions.

Provisions

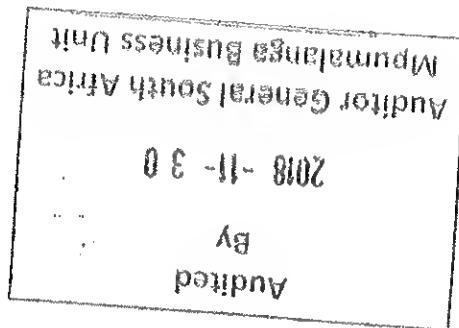
The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. These indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are the same as those used to determine the value in use of goodwill and intangible assets. Intangible assets are measured at the lowest level for which they may change significantly over time. They are significantly affected by a number of factors including [list entity specifically variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation, interest rates, etc].

The receivable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimates and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Impairment testing

1.3 Significant judgements and sources of estimation of uncertainty (continued)

BUSHBUCKRIDGE LOCAL MUNICIPALITY Annual Financial Statements for the year ended 30 June 2018 Audit Report General South Africa 2018 - ii - 30 By Audited	Accounting Policies for the year ended 30 June 2018 Annual Financial Statements for the year ended 30 June 2018 Appliances Business Unit
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Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Property - buildings
3-4½ years

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Cost model

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

1.4 Investment property (continued)

Accounting Policies for the Year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018
BUSHBUCKRIDGE LOCAL MUNICIPALITY

Item	Average useful life	Depreciation method	Land	Community Assets	Builidings	Motor Vehicles	Computer Equipment	Furniture and Office Equipment	Other Machinery and Equipment	Straight line	5-60 years									
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The useful lives of items of property, plant and equipment have been assessed as follows:

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for work in progress which is carried at cost less accumulated depreciation at the date of revaluation less any subsequent impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are disregarded.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment to incur such expenditure.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset, the asset is measured at the combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Property, plant and equipment is initially measured at cost.

- the cost of the item can be measured reliably.

The cost of an item of property, plant and equipment is recognisable as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity;
- it is reliable that the item can be measured reliably.

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

1.5 Property, plant and equipment

By	2018 - II - 30	Audited
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BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies for the year ended 30 June 2018

Audit Report General South Africa

Impumalanga Business Unit

Audited By Audited	2018 - H - 30	Auditor General South Africa Muñalanga Business Unit
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- The related asset is measured using the cost model:
- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
 - (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
 - (c) if the adjustment results in an addition to the cost of an asset, the service is recognised immediately in surplus or deficit, and
- and/or impairment of non-cash-generating assets.
- Impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets tested for impairment by estimating its recoverable amount or recoverable service amount, and any asset is tested for impairment by estimating its recoverable amount of the asset may not be fully recoverable. If it is such an indication that the new carrying amount of the asset may not be fully recoverable, the municipality considers whether this is an indication that the asset is impaired.

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as decommissioning, restoration and similar liabilities. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation to which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

1.6 Site restoration and dismantling cost

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of business are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

These assets are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of accruals, are transferred to inventories when the net disposal proceeds, if any, and the carrying amount of the item is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The municipality assesses at each reporting date whether there is any indication that the municipality expects about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the residual value and the useful life of an asset revised if the asset has been significantly re-modelled in the accounting pattern. Such a change is accounted for as a change in an accounting estimate.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

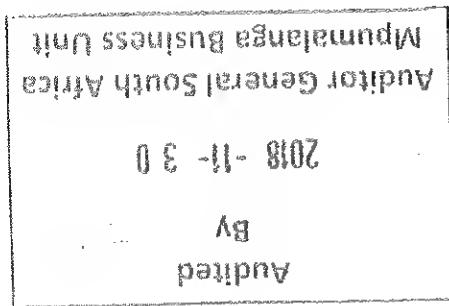
The depreciable amount of an asset is allocated on a systematic basis over its useful life.

1.5 Property, plant and equipment (continued)

Accounting Policies for the year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018

BUSHBUCKRIDGE LOCAL MUNICIPALITY



interest of another entity.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual

1.8 Financial instruments

The municipality discloses relevant information relating to assets under construction or development, in the notes to the

Item	Computer software	5 years
	Useful life	

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

- the cost or fair value of the asset can be measured reliably.

An intangible asset is recognised when:

- it is probable that the entity will receive economic benefits or service potential that are attributable to the asset will flow to the municipality; and

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so, or
- transferrable or separable from the municipality or from other rights and obligations.

1.7 Intangible assets

(a) changes in the liability is an increase in the balance existing in the revaluation surplus in respect of that asset:

- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation recognise in surplus or deficit

(b) a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously

If the related asset is measured using the revaluation model:

1.6 Site restoration and dismantling cost (continued)

Accounting Policies for the year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Audited General South Africa
Mpumalanga Businesses Unit

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

Classification	Class	Category	Description
1.8 Financial instruments (continued)			The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:
	Cash and cash equivalents	Financial asset measured at amortised cost	Financial asset measured at amortised cost
	Receivables from exchange transaction	Financial asset measured at amortised cost	Financial asset measured at amortised cost
	Receivables from non-exchange transaction	Financial asset measured at amortised cost	Financial asset measured at amortised cost
	Cash and cash equivalents	Receivables from non-exchange transaction	Receivables from non-exchange transaction
			The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:
	Payables from exchange transactions	Financial liability measured at amortised cost	Financial liability measured at amortised cost
	Consumer deposits	Financial liability measured at amortised cost	Financial liability measured at amortised cost
	Unspent conditional grants	Financial liability measured at amortised cost	Financial liability measured at amortised cost

BUSSHUB CRKIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies for the year ended 30 June 2018

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Financial assets measured at cost:

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previous recognition of the financial asset is reversed. The amount of the reversal is recognised in surplus or deficit.

If there is objective evidence that an impairment loss is measured on financial assets measured at amortised cost that has been incurred, the amount of the loss is recognised in future credit losses that have not been incurred. DR through the use of an allowance account. The carrying amount of the financial asset is reduced directly. DR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at amortised cost:

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Impairment and uncollectibility of financial assets

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

The best evidence of fair value is quoted prices in an active market. If the market instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would be between an arm's length market transactions between knowledgeable parties, if available. Valuation techniques include recent fair value of another instrument that is substantially the same, discounting cash flows analytically and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that make it suitable for pricing financial instruments. Periodically, an municipality considers the valuation technique it uses to determine whether it is validly using prices from any observable transactions in the same instrument (i.e. without modification or repackaging) or based on any available market data.

Fair value measurement considerations

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Financial instruments at cost

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

Subsequent measurement of financial assets and financial liabilities

1.8 Financial instruments (continued)

BUSHBUCKRIDGE LOCAL MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018
Auditor General South Africa
MPumalanga Business Unit
Accounting Policies for the year ended 30 June 2018

2018 - II - 30

By

Audited

1.8 Financial instruments (continued)

BUSHBUCKRIDGE LOCAL MUNICIPALITY Audited By 2018 - 11 - 30	Annual Financial Statements for the year ended 30 June 2018 Auditor General South Africa MPUMALANGA BUSINESS UNIT
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Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the future economic benefits or service potential through depreciation (amortisation).

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

1.11 Impairment of cash-generating assets

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reversal in the amount of inventories recognised as an expense in the period in which the reversal occurs.

having a similar nature and use to the multicellularity.

For more information about the study, please contact Dr. Michael J. Hwang at (319) 356-4530 or via email at mhwang@uiowa.edu.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

• distribution at no charge or for a nominal charge, or
• consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Inventories are measured at the lower of cost and current replacement cost where they are held for

Subsequently inventories are measured at the lower of cost and net realisable value.

Investment costs are initially measured at cost except where inventories are acquired through a non-exchanging transaction, then their costs are fair value as at the date of acquisition.

Inventories consist of raw materials, water and consumables.

1.10 Investors

The amounts receivable from lessees are recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Operating Leases - lessee

The aggregate cost of incentives is recognized as a reduction of rental revenue over the lease term on a straight-line basis.

initial direct costs incurred in negotiating and structuring leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Operating margin increase revenue is recognised as revenue on a straight-line basis over the lease term.

Operating leases - lessor

1.9 Leases

BUSHBUCKRIDGE LOCAL MUNICIPALITY 2018 - II - 30 Audited BY	Auditor General South Africa Accounting Policies for the year ended 30 June 2018 Annual Financial Statements for the year ended 30 June 2018 Municipal Business Unit
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Mpumalanga Business Unit	Auditior General South Africa
2018 - II - 30	
	By Audited

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

An impairment loss is recognised immediately in surplus or deficit.

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

Recognition and measurement (individual asset)

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Discount rate

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal at the end of its useful life.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset.

Value in use

If any indication exists, the municipality estimates the recoverable amount of the asset.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. Impairment of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

Impairment

- the number of production or similar units expected to be obtained from the asset by the municipality;
- the period of time over which an asset is expected to be used by the municipality; or
- the value less costs to sell or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

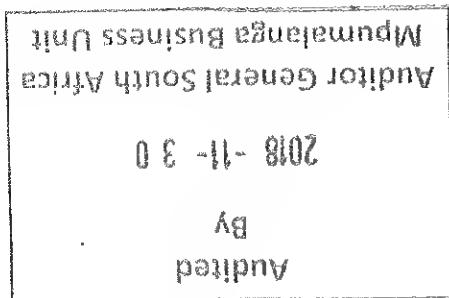
Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.11 Impairment of cash-generating assets (continued)

Accounting Policies for the year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018

BUSHBUCKRIDGE LOCAL MUNICIPALITY



Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

- its fair value less costs to sell (if determinable);
 - its value in use (if determinable); and
 - zero.
- In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as a proportional basis, based on the carrying amount of each asset in the unit. Impairment losses on individual assets.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

Cash-generating units are identified consistently from period to period for the same asset or type of assets, unless a change is justified.

- the future cash inflows used to determine the asset's or cash-generating units' value in use; and
- the future cash inflows used to determine the asset's or cash-generating units' best estimate of future price(s) that could be achieved in arm's length transactions in estimating;

cash-generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that is used internally. If the output is used internally, the municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

Cash-generating units

1.11 Impairment of cash-generating assets (continued)

Accounting Policies for the year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018
BUSHBUCKRIDGE LOCAL MUNICIPALITY

			Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.
			Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.
			A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.
			Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any impairment loss of the asset's future economic benefits or service potential through depreciation (amortisation).
			Non-cash-generating assets are assets other than cash-generating assets.
			Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.
			1.12 Impairment of non-cash-generating assets
			The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occurs where there is clear evidence that such a redesignation is appropriate.
			The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.
			In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above its recoverable amount (if determinable); and
			the lower of:
			the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods;
			the carrying amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.
			A reversal of an impairment loss for a cash-generating asset is allocated to the cash-generating assets of the unit proportionally based on their carrying amounts.
			After a reversal of an impairment loss is recognised, the carrying amount of such a reversal is revised, less its residual value (if any), on a systematic basis over its remaining useful life.
			After a reversal of an impairment loss is recogniseable, the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis to allocate the cash-generating asset is treated as a revaluation increase.
			A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.
			Periods for which reporting date whether there is any indication that an impairment loss was recognised in prior periods of the asset is increased to its recoverable amount since the last impairment loss was recognised. The carrying amount of the asset used to determine the asset's recoverable amount since the last impairment loss is reversed if there has been a change in the estimates at each reporting date whether there is any indication that an impairment loss was recognised in prior periods.
			The maturability assesses at each reporting date whether there is any indication that an impairment loss was recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.
			Reversal of impairment loss
			1.11 Impairment of cash-generating assets (continued)

By	2018 - ii - 30	Busibridge Local Municipality	Annual Financial Statements for the year ended 30 June 2018
Audited			Auditor General South Africa Audit findings Business Unit

on a systematic basis over its remaining useful life. After the recognition of an impairment loss, the depreciation asset's revised carrying amount, less its residual value (if any), is adjusted in future periods to allocate the non-cash-generating asset's charge for the non-cash-generating asset is

which it relates, the municipality recognises a liability only to the extent that it is a requirement in the Standards of GRAP. When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

An impairment loss is recognised immediately in surplus or deficit.

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

Recognition and measurement

The replacement cost and depreciation cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or replace the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services provided or the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the services thus reflects the service potential required of the asset.

The current replacement or replacement cost of its gross service potential, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset. The asset is depreciated to reflect the asset in its used condition. An asset may be replaced either through replacement (replication) cost is depreciated to reflect the asset in its used condition. The asset's gross service potential (replication) cost is depreciated or replaced by the entity to replace the asset to replace the asset's gross service potential. This replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential as the entity would not replace or replace the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. The replacement cost of a non-cash-generating asset is determined as the depreciated

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets' remaining service potential.

Value in use

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating asset with its identifiable useful life or a non-cash-generating intangible asset for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

Impairment

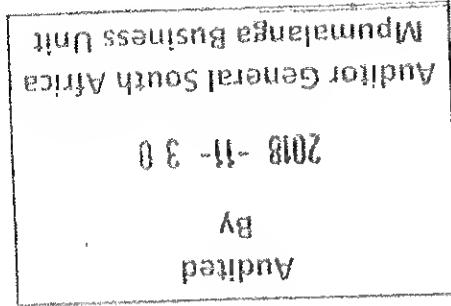
- the number of production or similar units expected to be obtained from the asset by the municipality.
 - the period of time over which an asset is expected to be used by the municipality; or
- Useful life is either:

recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.12 Impairment of non-cash-generating assets (continued)

BUSHBUCKRIDGE LOCAL MUNICIPALITY	Annual Financial Statements for the year ended 30 June 2018	Accounting Policies for the year ended 30 June 2018	Auditor General South Africa	Audit Report Business Unit
2018 - II - 30				
Audited				
By				



The accumulated surplus represents the net difference between the total assets and the total liabilities of the entity. Any surpluses and deficits realised during a specific financial year are credited / debited against accumulated surpluses / deficits. Prior year adjustments relating to income and expenditure, are credited / debited against a residual interest in the assets of an municipality after deducting all of its liabilities.

1.13 Accumulated Surplus

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occurs when there is clear evidence that such a redesignation is appropriate.

Redesignation

After a reversal of an impairment loss is recognised, the depreciation charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

The increased carrying amount of the asset would have been attributable to a reversal of an impairment loss does not exceed the carrying amount of the asset that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

Periods for a non-cash-generating asset that may no longer exist or may have decreased, if any such indication exists, the municipality estimates the recoverable service amount of that asset.

Reversal of an impairment loss

1.12 Impairment of non-cash-generating assets (continued)

Accounting Policies for the year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Mpumalanga Business Unit	Auditor General South Africa
	2018 - II - 30
	By Audited

The municipality does not have any post employment benefits.

- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset;
 - cash refund; and
 - (prepaid expense) to the extent that the prepayment will lead to, for example, a municipality recognises that excesses as an asset exceeds the contribution due for service before the reporting date, a deduction in future payments or a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution plan in exchange for that service;
 - as a liability (accrued expense), after deducting any contribution already paid.
- When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service.

Defined contribution plans are post-employment benefit plans under which a municipality pays fixed contributions into a separate municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Post-employment benefits: defined contribution plans

Multi-employer plans are defined contribution plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Post-employment benefit plans are formal or informal arrangements under which an municipality pays post-employment benefits for one or more employees.

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonuses, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related employee service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

1.14 Employee benefits

Accounting Policies for the year ended 30 June 2018

Audited	By	2018 - II - 30
Auditor General South Africa Audit & Assurance Unit		

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

Provisions are not recognised for future operating deficit.

A provision is used only for expenditures for which the provision was originally recognised.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

• a reliable estimate can be made of the obligation.

• settle the obligation, and

• it is probable that an outflow of resources embodying economic benefits or service potential will be required to

• the municipality has a present obligation as a result of a past event;

• the amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

1.15 Provisions and contingencies

• the effect of any curtailments or settlements.

• past service cost, which shall all be recognised immediately; and

• actuarial gains and losses, which shall all be recognised immediately;

• the expected return on any plan assets and on any reinsurance right recognised as an asset;

• interest cost;

• current service cost;

• minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;

• the present value of the defined benefit obligation at the reporting date;

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another standard requires or permits their inclusion in the cost of an asset:

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities. The completion of a minimum service carries out valuations of these obligations. The municipality also provides a gratuity and housing independent qualified structures carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidies on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

Other post retirement obligations

1.14 Employee benefits (continued)

Accounting Policies for the year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Financial Performance Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are shown in the notes to the financial statements to the extent that such amounts have not been recorded in the financial statements. Commissions disclosed in the notes to the financial statements represent the aggregate amount of the capital and current expenditure at the reporting date.

- Contracts relate to non-routine transactions.
- the underlying contracts are non-cancellable or only cancellable at significant cost; and
- Commissions are disclosed in the financial statements if they meet the following criteria:

Approved and not yet contracted commitments represent the expenditure that has been approved and the contract is yet to be awarded or is awaiting finalisation at the reporting date.

Approved and contracted commitments represent expenditure that has been approved and the contract awarded at the reporting date.

Items are classified as commissions when the municipality has committed itself to future transactions that will normally result in the outflow of cash. Commissions represent goods/services that have been ordered, but no delivery has taken place at the reporting date.

1.16 Commissions

The periodic unwindings of the discount is recognised in surplus or deficit as a finance cost as it occurs.

The end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

- The standard depreciation amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all assets of each class is revalued; and
- The Standard of GAPP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each class arising from a change in the liability is separately identified and disclosed as such.
- The carrying amount of the asset is taken into account in determining the amounts to be taken to surplus or deficit and net assets, if a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is necessary, all assets of that class is revalued; and
- a change in the liability is recognised immediately in surplus or deficit and the asset is carried at the new carrying amount carried under the cost model, the excess the carrying amount that would have been recognised had the asset been carried in the liability exceeds the carrying amount in respect of that asset.
- an increase in net assets to the liability is recognised in the reversal of any credit balance existing in the revaluation surplus in respect of that asset.
- an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus or deficit; and
- changes in the liability after the reversal of any credit balance in the revaluation surplus in respect of that asset, so that in the event that a decrease in the liability exceeds the carrying amount that was previously recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset, except that it is debited directly to revaluation surplus or deficit losses, in accordance with the accounting policy on impairment of assets as described in accounting policy.

If the related asset is measured using the revaluation model:

- changes in the liability after the reversal of any credit balance in the revaluation surplus in respect of that asset, so that in the event that a decrease in the liability exceeds the carrying amount that was previously recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset, except that it is debited directly to revaluation surplus in respect of that asset, so that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable service amount, and account for any loss, in accordance with the accounting policy on impairment of assets as described in accounting policy.
- If the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the asset for carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability changes in the liability is added to, or deducted from, the cost of the related asset in the current period.

Changes in the measurement of an existing decommisssioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

Decommissioning, restoration and similar liability

1.15 Provisions and contingencies (continued)

Accounting Policies for the year ended 30 June 2018	Auditor General South Africa	Mpumalanga Business Unit	MPUMALANGA BUSINESSES (CONTINUED)
2018 - II - 30			
By			
Audited			

Agency service - income from agency is recognised in terms of the agency agreement.
Agency service - income from agency is recognised on a monthly basis once the income collected on behalf of agents is earned.

Sewerage and sanitation - charges are based on the type of service and the number of sewer connections on all developed property using the approved tariffs.

Refuse - refuse removal is recognised on a monthly basis by applying the approved tariff to each property receiving services. Tariffs are determined per category of property and levied on a monthly basis.

Water - charges relating to the distribution of water are based on consumption. Meters are read on a monthly basis and are meter readings have not been performed. Provisional estimates on the consumption history are made on a monthly basis when recognised as revenue when incurred. Meters are read on a monthly basis and are

Service charges

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

When services are performed by an indefinite number of acts over a specified time frame, revenue is recognised until the completion of a specific act is much more significant than any other acts, the recognition of revenue is postponed until the straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably;
 - the stage of completion of the transaction at the reporting date can be measured reliably; and
 - it is probable that the economic benefits of service potential associated with the transaction will flow to the amount of revenue can be measured reliably;
 - the amount of revenue can be measured reliably;
 - the transaction can be estimated reliably when all the following conditions are satisfied:
- When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

Rendering of services

- the costs incurred or to be incurred in respect of the transaction can be measured reliably;
 - it is probable that the economic benefits of service potential associated with the transaction will flow to the amount of revenue can be measured reliably; and
 - the ownership nor effective control over the goods sold;
 - the municipality retains neither continuing managerial involvement to the degree usually associated with the sale of goods is recognised when all the following conditions have been satisfied:
- Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives a approximate equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

1.17 Revenue from exchange transactions

AUDITED	BUSHBUCKRIDGE LOCAL MUNICIPALITY	GENERAL AUDITOR	ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2018	MIPUMALANGA BUSINESSES UNIT
2018 - II - 30	By	AUDITED	ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018	AUDITED

Transfers are inflows of future economic benefits or service potential from non-exchanging transactions, other than taxes.

Taxes are economic benefits or service potential compulsory paid or payable to entities, in accordance with laws and/or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

Transferred assets by entities external to the reporting municipality. Stipulations on transfers are terms in laws or regulation, or a binding arrangement, imposed upon the use of a specific asset.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality receives value from another municipality without directly giving approximately equal value in exchange.

Fines are economic benefits or service potential received by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to control from owners.

1.18 Revenue from non-exchange transactions

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

- The amount of the revenue can be measured reliably.

- It is probable that the economic benefits or service potential associated with the transaction will flow to the recognise when:

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised.

Interest, royalties and dividends

1.17 Revenue from exchange transactions (continued)

Audited By Audited	2018 - II - 30	Mpumalanga Business Unit
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BUSHBUCKRIDGE LOCAL MUNICIPALITY

Accounting Policies for the year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018

(периодическое) синхронизированное вращение

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent

exchangeable transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

When, as a result of a non-exchangeable transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the majority of service potential from resources as a result of a past event (the taxes paid) and expects to receive future economic benefits or service potential from resources as a result of a past event (the tax payer).

- The muncipality analysizes the taxation laws to determine what the taxable events are for the various taxes levied.
- The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.
- The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.
- The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.
- The taxable event for estate duty is the death of a person owning taxable property.

Transferred assets are measured at their fair value as at the date of acquisition.

such an instance, no further action is also required with the exception of updating the note to the financial statements. In addition or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In regular expenditure that was incurred and identified during the current financial year which was condoned before year end

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procedures in that provincial government.

controversy of or that is not in accordance with a requirement of any applicable legislation, including –

1.23 Irregular expenditure

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

1.22 Fruitless and wasteful expenditure

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Unauthorised expenditure means:

- the purpose of the main division;
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with

1.21 Unauthorised expenditure

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Comparative figures

Borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

1.19 Borrowing costs

Gifts and donations, including goods in-kind

Economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably. Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future

economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future

Government grants

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Fines as an asset.

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition

1.18 Revenue from non-exchange transactions (continued)

AUDITED BY	2018 - II - 30	BUSHBUCKRIDGE LOCAL MUNICIPALITY	Annual Financial Statements for the year ended 30 June 2018	Accounting Policies for the year ended 30 June 2018	Mpumalanga Business Unit
Audited					

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

1.27 Events after reporting date

Only transactions with related parties with arm's length or not in the ordinary course of business are disclosed.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

1.26 Related parties

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of budget and actual amounts.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

Municipality is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through legislation, appropriation or similar.

1.25 Budget information

Distribution losses are calculated as the difference between water consumed and billed, water freely given to the community and water purchased.

1.24 Distribution losses

Irrregular expenditure is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as revenue in the Statement of Financial Performance.

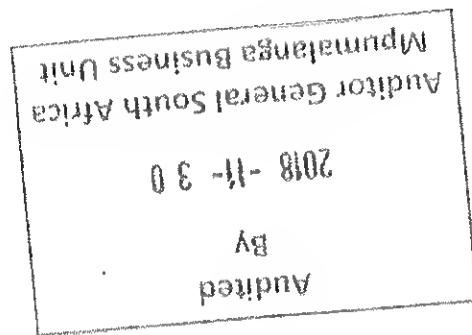
National Treasury or the relevant authority must be recorded proportionately in the irregular expenditure register. If liability for the irregular expenditure that was incurred and identified during the current financial year was not condoned by the registrar and the disclosure note to the previous financial year and is only condoned in the following financial year, the irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the disclosure note to the previous financial year must be updated with the amount condoned.

Irregular expenditure during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

1.23 Irregular expenditure (continued)

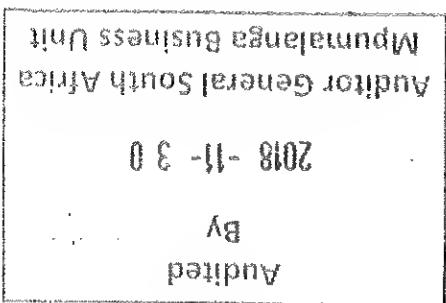
BUSHBUCKRIDGE LOCAL MUNICIPALITY		Annual Financial Statements for the year ended 30 June 2018	
		Accounting Policies for the year ended 30 June 2018	
		Auditor General South Africa	
2018 - II - 30	By Audited		



- 1.27 Events after reporting date (continued)
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);
 - and
 - those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).
- The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.
- The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Accounting Policies for the year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018
BUSHBUCKRIDGE LOCAL MUNICIPALITY



The municipality accounts for Value Added Tax on a payment basis in accordance with section 15(2)(a) of the VAT Act (Act No 89 of 1991). The municipality is liable to account for VAT at the standard rate (14%) and 15% from 1 April 2018 as announced by the minister of Finance) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where supplies are specifically zero-rated in terms of section 11, exemplified in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

1.29 Value Added Tax

Where an outflow of economic benefits does not result in future benefits, it is disclosed as futile expenses and useful expenditure. The point at which an expense is recognised on the nature of the transaction or other event that gives rise to the main tenance expenditure, bulk purchases and generally or soon after acquisition, for example, repairs and expenses. Where future economic benefits are consumed in the reporting period in which the main tenance expenditure occurs, the expense is recognised in the period in which the useful expenditure economic benefit occurs. Where future economic benefits are recognised in the period over several acquisitions of the future economic benefit occurs. Where future economic benefits are expected to be consumed in the reporting period e.g. non-current assets, expenses (depreciation) is allocated systematically to the reporting period during which the future economic benefits are expected to be consumed; where expenditure produces no future economic benefits which the future economic benefits are expected to be consumed (e.g. fines paid, an expense is recognised immediately); and where a liability is incurred without the recognition of an asset and expenses is recognised simultaneously with the liability.

• The cost of value may involve estimation. Where an item possesses the essential characteristics of an expense but fails to meet the criteria for recognition it is disclosed in the note.

An expense is recognised in the municipality's Statement of Financial Performance when, and only when, the following criteria are satisfied:

- Losses on the disposal of non-current assets are reported separately from expenses in the Statement of Financial Performance.
- Write downs of inventory and decreases in fair values of financial instruments classified as held at fair value.
- Transfers and grants which relate to expenditure pertaining to free basic services and general expenses which constitute several expense items which are not individually significant.
- To MCOA repairs and maintenance is now classified as contracted service.
- Property valuation roll and asset register verification costs, software support costs and security services costs. Due to MCOA repairs and maintenance is now classified as contracted service.
- Contracted services – included are debt collection costs, debt cleaning costs, service level agreement costs, bulk purchases – expenditure on the procurement of bulk water.
- Bulk purchases – expenditure on the procurement of bulk water.

Major expense items disclosed in the Statement of Financial Performance include:

Expenses include write downs of inventory and decreases in fair values of financial instruments classified as held at fair value.

Losses on the disposal of non-current assets are reported separately from expenses in the Statement of Financial Performance.

Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting, expenses are consumed in the reporting period in net assets, other than those relating to distributions to owners.

Services are accounted for in incurances of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

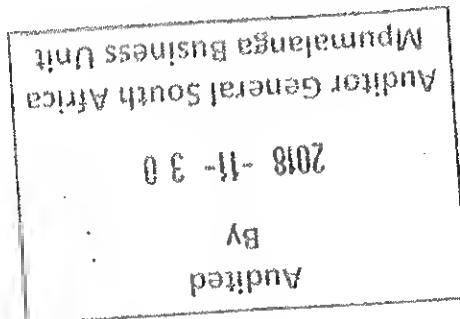
Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or services that result in decreases in net assets, other than those relating to distributions to owners.

1.28 Expenditure

Accounting Policies for the year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018

BUSHBUCKRIDGE LOCAL MUNICIPALITY



Audited	By	2018 -11- 30	Audit report of the financial statements for the year ended 30 June 2018 of Busibuckridge Local Municipality
			Mpumalanga Business Unit Auditor General South Africa

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control, or has control or joint control over the reporting entity.

- is a member of the management of the entity or its controlling entity;
- has significant influence over the reporting entity;
- has control or joint control of that person's family is related to the reporting entity if that person:
- A person or a close member of that person's family is related to the reporting entity if that person:
 - exercises significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control, or has control or joint control over the reporting entity;
 - is a member of the management of the entity or its controlling entity;
 - has significant influence over the reporting entity;
 - has control or joint control over the reporting entity;

That the reporting entity is transparent about its dealings with related parties.

Parties may affect users' assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its annual financial statements.

Parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its annual financial statements.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including committments, and relationships with related parties, in the consolidated and separate financial statements. This standard also applies to individual annual financial statements, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. That standard also applies to individual annual financial disclosures in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. That standard also applies to individual annual financial statements, in which disclosures of the items in (a) and (b) is required; and

- determining the circumstances in which disclosures of the items in (a) and (b) is required; and
 - determining outstanding balances, including commitments, between an entity and its related parties;
 - determining related party relationships and transactions;
 - determining the disclosures to be made about those items.
- An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard.

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

GRAP 20: Related parties

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality expects to adopt the amendment for the first time in 2021.

The effective date of the amendment is for years beginning on or after 01 April 2020

The National Treasury has issued complete examples as part of its implementation guidance.

- General improvements: An appendix with illustrative disclosures has been deleted from the Standard as the most significant changes to the Standard are:

Amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

GRAP 18 (as amended 2016): Segment Reporting

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

- 2.1. Standards and interpretations issued, but not yet effective
2. New standards and interpretations

Notes to the Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements for the year ended 30 June 2018

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

2. New standards and interpretations (continued)
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - both entities are joint ventures of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a joint venture of a third entity and the other entity is related to the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity; if the reporting entity is itself such a plan, the sponsoring employer is related to the entity;
 - a person identified or jointly controlled by a person identified in (a); and
 - the entity is controlled or influenced by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

Audited	By	2018 - II - 30	Mpmalanga Business Unit	Auditor General South Africa	Remuneration of management
			<ul style="list-style-type: none"> • Control; • Related parties; • Management; • Close member of the family of a person; • Significant influence 		

The effective date of the standard is 1 April 2019.

GRAP 32: Service Concessions Arrangements: Grantor

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

The municipality expects to adopt the amendment for the first time in 2020.

The effective date of the standard is 1 April 2019.

- Furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and disclosure of statutory receivables.
- Furthermore covers: Definitions, recognition and measurement for the recognition, measurement, presentation and disclosure, as well as the effective date.

GRAP 108: Statutory Receivables

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

The municipality expects to adopt the amendment for the first time in 2020.

The effective date of the standard is 1 April 2019.

- Furthermore covers: Definitions, recognition and measurement of labellies, contingencies, assets, other revenues, presentation and disclosure, transition provisions, as well as the effective date.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

The municipality expects to adopt the amendment for the first time in 2020.

The effective date of the standard is 1 April 2019.

The effective date of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

- Furthermore covers: Definitions, recognition, measurement, presentation and disclosure, as well as the effective date.

The effective date of the standard is 1 April 2019.

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure, as well as the effective date.

The municipality expects to adopt the amendment for the first time in 2020.

The effective date of the standard is 1 April 2019.

The effective date of the amendment is for years beginning on or after 01 April 2018.

With Government Finance Statistics terminology

- IPSASB amendments: To align terminology in GRAF 12 with that in IPSAS 12. The term "amputation" in IPSAS 12 was replaced with the term "military inventories" and provides a description of what it comprises in accordance with non-exchange transactions to be in line with the principle in GRAF 23 (paragraph 12).
- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAF 23 (paragraph 12).

The most significant changes to the Standard are:

- Changes made to IPSAS 12 on Inventories (IPSAS 12) as a result of the IPSASB's improvements to IPSAS 2015 issued in March 2016.
- Amendments to the Standard of GRAF on inventories resulted from inconsistencies in measurement requirements in GRAF 23 and other asset-related Standards of GRAF in relation to the treatment of transaction costs. Other changes resulted from general improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in March 2016.

GRAF 12 (as amended 2016): Inventories

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

The municipality expects to adopt the interpretation for the first time in the 2020 annual financial statements.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

- In accordance with the principles in the Standards of GRAF, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits of service potential embodied in the land differ from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this interpretation of the Standards of GRAF.

- When an entity controls the land after applying the principles in this interpretation of the Standards of GRAF, it applies the applicable Standards of GRAF to the de-recognition of land when it concludes that it does not control the land after applying the principles in this interpretation of the Standards of GRAF. An entity also applies the applicable Standards of GRAF to account for the land once control of the land has been determined. An entity applies the classification, initial and subsequent measurement, presentation and disclosure requirements of land, not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, if the entity applies the applicable Standards of GRAF to account for the land when it concludes that it does not control the land after applying the principles in this interpretation of the Standards of GRAF.

- When an entity controls the land after applying the principles in this interpretation of the Standards of GRAF, it applies the applicable Standards of GRAF, i.e. the Standard of GRAF on inventories, Investment Property (GRAF 16), Property, Plant and Equipment (GRAF 17) or Heritage Assets. As this interpretation of the Standards of GRAF does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, if the entity applies the applicable Standards of GRAF to account for the land when it concludes that it does not control the land after applying the principles in this interpretation of the Standards of GRAF.

- This interpretation of the Standards of GRAF applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

IGRAF 18: Interpretation of the Standard of GRAF on Recognition and Derecognition of Land

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The effective date of the standard is not yet set by the Minister of Finance.

- It furthermore covers Definitions, identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transactional provisions and Effective date.

- The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

GRAF 109: Accounting by Principals and Agents

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

2. New standards and interpretations (continued)

Notes to the Annual Financial Statements for the year ended 30 June 2018

MPUMALANGA BUSINESS UNIT
AUDITOR GENERAL SOUTH AFRICA
2018 - II - 30
BY
Audited

Annual Financial Statements for the year ended 30 June 2018

The most significant changes to the Standard are:

Amendments to the Standard of GRAPH on Impairment of Non-cash Generating Assets (IPSAS 21) as a result of the IPSASB's Impairment of Renewable Assets issued in March 2016.

GRAP 21 (as amended 2016); impairment of non-cash-generating assets

It is unlikely that the mendacity will have a material impact on the municipality's annual financial statements.

The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

The effective date of the amendment is for years beginning on or after 01 April 2018.

IPSASB amendments: To clarify the revision methodology of the carrying amount and accumulated comprehensive loss and non-monetary assets.

IPSASB amendments: To clarify the revision methodology of the carrying amount and accumulated comprehensive loss and non-monetary assets.

IPSAS 17 was replaced with the term "Weapon systems" and provides a description of what it comprises in accordance with the term "Weapon systems" and defines a description of what it includes bearing plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph 12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a most significant changes to the standard are:

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurements required in GRAP 23 and other asset-related standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's improvements to IPSAS 2014 issued in January 2015 and improved in March 2016.

GRAP 17 (as amended 2016): Property, Plant and Equipment

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality expects to adopt the amendments for the first time in the 2019 annual financial statements.

The effective date of the amendment is for years beginning on or after 01 April 2018.

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph 12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IASB amendments: To clarify the interrelationship between the Standards of GRAP on Transfer of Functions Between Entities Not Under Common Control and Investment Property when classifying investment property or owner-occupied property.

Amendments to the Standard of GRAP on Investment Property resulted from editorial changes to the original text and inconsistencies in measurements required in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes made to IAS 40 on Investment Property (IAS 40) as a result of the IASB's amendments on Annual Improvements to IFRSs 2011 – 2013 Cycle issued in December 2013.

GRAP 16 (as amended 2016): Investment Property

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

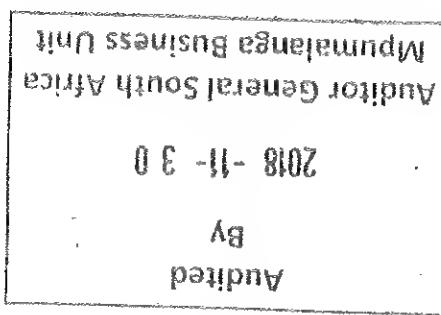
The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

2. New standards and interpretations (continued)

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements for the year ended 30 June 2018



It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

The effective date of the amendment is for years beginning on or after 01 April 2018.

- **IPASB amendments:** To clarify the valuation methodology of carrying amount and accumulated depreciation when an item of intangible assets is revalued; and To clarify acceptable methods of depreciating combinations of monetary and non-monetary assets.
 - **General improvements:** To add the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph 12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a non-exchange transaction to be in line with the principle in GRAP 23 (paragraph 12); and To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph 12).
- The most significant changes to the Standard are:

IPASB 31 (as amended 2016): Intangible Assets

Amendments to the Standard of GRAP on Intangible Assets resulted from inconsistencies in measurements to GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPAS 31 on Intangible Assets (IPAS 31) as a result of the IPASB's improvements to the Standard of GRAP on Intangible Assets resulting from inconsistencies in measurements to IPAS 31 issued in January 2015.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

The effective date of the amendment is for years beginning on or after 01 April 2018.

- **IPASB amendments:** To update the Basis of conclusions and Comparison with IPASs to reflect the IPASB's recent decision on the impairment of revalued assets.
- The most significant changes to the Standard are:

GRAP 26 (as amended 2016): Impairment of cash-generating assets

Amendments Changes to the Standard of GRAP on Impairment of Cash Generating Assets resulted from changes made to IPAS 26 on Impairment of Cash-Generating Assets (IPAS 26) as a result of the IPASB's impairment of Revalued Assets issued in March 2016.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

The effective date of the amendment is for years beginning on or after 01 April 2018.

- **IPASB amendments:** To update the Basis of conclusions and Comparison with IPASs to reflect the IPASB's recent decision on the impairment of revalued assets.
2. **New standards and interpretations (continued)**

Notes to the Annual Financial Statements for the Year ended 30 June 2018

Notes to the Annual Financial Statements for the year ended 30 June 2018	
Annual Financial Statements for the year ended 30 June 2018	
3. INVENTORIES	Figures in Rand
Maintenance materials	3,115,673
2,801,098	
2017	
12,366,342	
38,915,050	
4,491,374	
1,768,922	
2,722,452	
189,430	>365 days
1,579,492	
2	ESKOM DEPOSITS
None of the receivables from non-exchange transactions were pledged as security during the current or previous financial year.	
RECEIVABLES FROM NON - EXCHANGE TRANSACTIONS	
Fines	Other deposits
Eskom deposits	Other taxes
26,240	Grant rollover declined- Equitable share withheld
2,866,591	Property Rates
4,491,374	Property Rates
1,768,922	Property Rates
12,366,342	Property Rates
38,915,050	Property Rates
4,491,374	Property Rates
1,768,922	Property Rates
2,722,452	Property Rates
189,430	Property Rates
1,579,492	Property Rates
2	FINES
1,768,922	Gross balances
4,491,374	Gross balances
189,430	Gross balances
1,579,492	Provision for impairment
2	PROPERTY RATES
2018 - 11 - 30	Audited
Mpumalanga Businesses Unit	Auditor General South Africa
12,366,343	(23,787,599)
19,680,356	(7,314,013)
62,702,649	38,915,050
189,430	12,366,343
1,579,492	462,414,712
2	RECONCILIATION OF PROVISION FOR RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS
727,341,341	727,341,341
781,791,589	781,791,589
280,873,472	280,873,472
8,997,942	8,997,942
29,505,463	29,505,463
310,378,935	310,378,935
280,873,472	319,376,877
Openning balance	Provision for impairment
2	5. VAT RECEIVABLE
VAT	VAT
118,158,372	118,158,372
73,346,266	73,346,266
20,106,725	20,106,725
37,146,590	37,146,590
111,053,341	(35,140,100)
88,379,641	(30,041,559)
VAT OUTPUT	VAT INPUT
VAT CONTROL ACCOUNT	VAT
118,158,372	118,158,372

VAT is accounted for on a payments basis.

5. VAT RECEIVABLE (continued)

Figures in Rand 2017 2018 2019

6. RECEIVABLES FROM EXCHANGE TRANSACTIONS

LESS: ALLOWANCE FOR IMPAIRMENT

Eskom -Free basic services

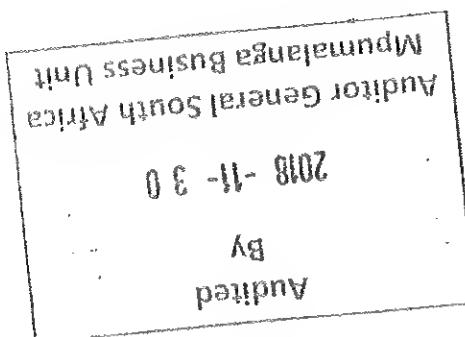
ESKOM-FREE BASIC SERVICES		Current (0 - 30 days)
Water	10,905,848	8,283,773
Waste Water	115,300,949	109,686,776
Rental	17,222,325	16,107,896
Waste	967,334	543,307
Waste	23,417,905	23,754,490
Rental	123,259,517	124,829,718
Interest	1,394,399	1,491,534
Housing rental	3,233,499	16,082,313
Service Charges	295,701,816	300,779,807
	10,905,848	8,283,773

ESKOM-FREE BASIC SERVICES Current (0 -30 days)

WATER	Auditor General South Africa Mpumalanga Business Unit	Current (0 - 30 days)
WATER	2018 - 11 - 30	Current (0 - 30 days)
WATER	Audited By	31 - 60 days
WATER	110,203,587	31 - 60 days
WATER	115,300,988	31 - 60 days
WATER	110,997,874	31 - 60 days
WATER	102,594	31 - 60 days
WATER	2,877,876	31 - 60 days
WATER	96,922,046	31 - 60 days
WATER	243,424	40,765
WATER	172,746	(3,255)
WATER	292,011	588,837
WATER	192,058	586,149
WATER	22,517,666	14,918,538
WATER	23,417,905	16,131,034

Notes to the Annual Financial Statements for the year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018



WASTE	
Current (0 - 30 days)	173,143
31 - 60 days	133,687
61 - 90 days	166,392
91 - 120 days	333,830
121 days >	22,387,466
2018	16,564,755
RENTAL	
Current (0 - 30 days)	37,821
31 - 60 days	9,548
61 - 90 days	37,749
91 - 120 days	16,174
121 days >	37,749
2018	816,266
INTEREST	
Current (0 - 30 days)	3,694,735
31 - 60 days	9,652,892
61 - 90 days	15,078,738
91 - 120 days	3,538,931
121 days >	9,338,457
2018	123,259,516
HOUSING	
Current (0 - 30 days)	1,394,399
31 - 60 days	1,491,534
61 - 90 days	
91 - 120 days	
121 days >	
2018	
SERVICE CHARGES	
Current (0 - 30 days)	10,699
31 - 60 days	(189,481)
61 - 90 days	10,285
91 - 120 days	(43,330)
121 days >	(2,022,722)
2018	95,464
121 days >	(855,700)
2018	71,463
121 days >	15,898,402
2018	16,082,313

6. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)

Figures in Rand	2018	2017
Notes to the Annual Financial Statements for the year ended 30 June 2018		

Annual Financial Statements for the year ended 30 June 2018
BUSHBUCKRIDGE LOCAL MUNICIPALITY

6. RECEIVABLES FROM EXCHANGES OF ASSETS

6. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)

Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand 2018 2017

BUSHBUCK RIDGE LOCAL MUNICIPALITY

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements for the Year ended 30 June 2018

Figures in Rand

7. CASH AND CASH EQUIVALENTS

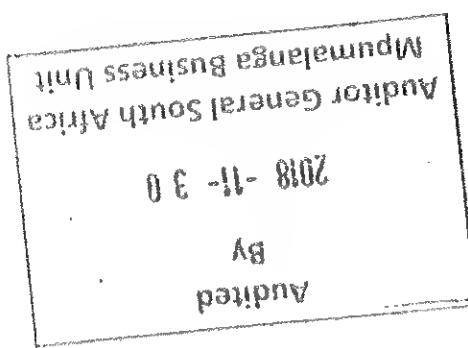
Cash and cash equivalents consist of:

Cash on hand	Current account balances	Call account balances	ongoing court case.
110,633	158,979	15,840,833	8,407,323
89,821,461	93,805,901	93,805,901	93,805,901
98,339,417	109,805,713		

Included in the cash and cash equivalents is an amount of R5 927 660,75 which was withheld by First National Bank due to an ongoing court case.

THE MUNICIPALITY HAD THE FOLLOWING BANK ACCOUNTS

Account number / description	Cash book balances	Bank statement balances	30 June 2016	30 June 2017	30 June 2018	30 June 2016	30 June 2017	30 June 2018	30 June 2016	30 June 2017	30 June 2018	Total
FNB Bank IAO9591	10,570,093	(21,893)	611,026	10,570,093	7,774,039	2,765,818	2,873,878	7,774,039	84,410,358	82,885,609	82,885,609	611,026
FNB Bank IAO9538	7,774,039	2,765,818	2,873,878	7,774,039	(21,893)	611,026	10,570,093	84,410,358	82,885,609	82,885,609	611,026	84,410,358
FNB Bank IAO9494	84,410,358	82,885,609	82,885,609	82,885,609	82,885,609	82,885,609	82,885,609	82,885,609	82,885,609	82,885,609	82,885,609	82,885,609
FNB Bank IAO9538	82,885,609	82,885,609	82,885,609	82,885,609	82,885,609	82,885,609	82,885,609	82,885,609	82,885,609	82,885,609	82,885,609	82,885,609
Standard Bank IAO9518	68,275,439	68,275,439	68,275,439	68,275,439	68,275,439	68,275,439	68,275,439	68,275,439	68,275,439	68,275,439	68,275,439	68,275,439
FNB Bank IAO9538	4,170,035	1,252,355	1,252,355	1,252,355	1,252,355	1,252,355	1,252,355	1,252,355	1,252,355	1,252,355	1,252,355	1,252,355
FNB Bank IAO9494	1,621,605	4,170,035	4,170,035	4,170,035	4,170,035	4,170,035	4,170,035	4,170,035	4,170,035	4,170,035	4,170,035	4,170,035
FNB Bank IAO9538	5,270,740	8,429,516	8,429,516	8,429,516	8,429,516	8,429,516	8,429,516	8,429,516	8,429,516	8,429,516	8,429,516	8,429,516
FNB Bank IAO9518	68,275,439	68,275,439	68,275,439	68,275,439	68,275,439	68,275,439	68,275,439	68,275,439	68,275,439	68,275,439	68,275,439	68,275,439



BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand

8. INVESTMENT PROPERTY

	2018	2017
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings		
13,685,028	(4,525,713)	9,159,315
		13,685,028
		(3,621,066)
		10,063,962

RECONCILIATION OF INVESTMENT PROPERTY - 2018

Buildings	Opening balance	Depreciation	Total
	10,063,962	(904,647)	9,159,315

RECONCILIATION OF INVESTMENT PROPERTY - 2017

Buildings	Opening balance	Depreciation	Total
	10,967,990	(904,028)	10,063,962

PLEDGED AS SECURITY

None of the investment property assets were pledged as security during the current or previous financial year.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

2018 -11- 30

Audited
By

Auditor General South Africa
Mpumalanga Business Unit

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand

9. PROPERTY, PLANT AND EQUIPMENT

	2018	2017				
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	172,443,983	-	172,443,983	172,443,983	-	172,443,983
Buildings	69,620,302	(24,721,324)	44,898,978	68,831,727	(19,865,900)	48,965,827
Infrastructure	2,746,852,774	(28,133,669)	2,448,719,105	2,216,717,953	(224,621,137)	1,992,096,816
Community	179,886,121	(54,878,077)	124,988,044	176,179,575	(44,791,542)	131,388,033
Other property, plant and equipment	97,697,259	(52,785,341)	44,911,918	78,566,831	(39,112,097)	39,454,734
Work in progress (WIP)	498,163,816	-	498,163,816	601,479,248	-	601,479,248
Other Assets (WIP)	-	-	-	5,918,419	-	5,918,419
Total	3,764,644,255	(430,518,411)	3,334,125,844	3,320,137,736	(328,390,676)	2,991,747,060

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand

9. PROPERTY, PLANT AND EQUIPMENT (continued)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 30 JUNE 2018

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	172,443,983	-	-	-	(4,855,424)	-	172,443,983
Buildings	48,965,827	788,575	-	-	(6,673,544)	-	44,898,978
Infrastructure	1,992,096,816	18,688,881	-	511,446,001	(6,839,049)	2,448,719,105	
Community	131,388,033	-	-	3,686,545	(10,086,534)	-	124,988,044
Other property, plant and equipment	39,454,734	13,142,907	(3,885)	6,688,630	(13,260,925)	(1,109,543)	44,911,918
Work in progress (WIP)	601,479,248	411,817,158	-	(515,132,546)	-	498,163,816	
Other Assets (WIP)	5,918,419	770,211	-	(6,688,630)	-	-	
	2,991,747,060	445,207,732	(3,885)	-	(94,876,427)	(7,948,592)	3,334,125,844

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2018 -11- 30
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Mpumalanga Business Unit

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand

9. PROPERTY, PLANT AND EQUIPMENT (continued)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 30 JUNE 2017

	Opening balance	Additions	Disposals	Transfers	Revaluations	Other movements	Depreciation	Total
Land	236,139,811	-	(1,068,000)	-	-	(62,627,828)	-	172,443,983
Buildings	49,862,986	1,281,533	(1,536,922)	4,514,876	-	-	(5,156,646)	48,965,827
Infrastructure	1,590,752,488	15,488,503	(400,241)	442,956,304	-	-	(56,700,238)	1,992,096,816
Community	116,942,321	5,141,409	-	20,637,009	-	-	(11,332,706)	131,388,033
Other property, plant and equipment	26,245,493	20,145,766	(292,802)	1,329,156	-	-	(7,972,879)	39,454,734
Work in progress (WIP)	499,710,129	569,877,308	-	(468,108,189)	-	-	-	601,479,248
Other Assets (WIP)	4,025,136	1,893,283	-	-	-	-	-	5,918,419
	2,523,678,364	613,827,802	(3,297,965)		1,329,156	(62,627,828)	(81,162,469)	2,991,747,060

PLEDGED AS SECURITY

None of the tangible assets were pledged as security during the current or previous financial year.

Audited	
By	
2018 -11- 30	
Auditor General South Africa	

Mpumalanga Business Unit

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand

9. PROPERTY, PLANT AND EQUIPMENT (continued)

RECONCILIATION OF WORK-IN-PROGRESS 2018

	Included within Infrastructure	Included within Community	Included within Other PPE	Total	Audited By
Opening balance	601,479,248	-	5,918,419	607,397,667	
Additions	411,817,158	-	770,211	412,587,369	
Transferred to completed items	(511,446,002)	(3,686,545)	(6,688,630)	(521,821,177)	
	<u>501,850,404</u>	<u>(3,686,545)</u>	<u>498,163,859</u>	<u>498,163,859</u>	<u>2018 -11- 30</u>

RECONCILIATION OF WORK-IN-PROGRESS 2017

	Included within Infrastructure	Included within Other PPE	Total	
Opening balance	499,710,129	4,025,136	503,735,265	
Additions	569,877,308	1,893,283	571,770,591	
Transferred to completed items	(468,108,189)	-	(468,108,189)	
	<u>601,479,248</u>	<u>5,918,419</u>	<u>607,397,667</u>	

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

10. INTANGIBLE ASSETS

	2018	2017
Cost / Valuation	Accumulated amortisation and impairment	Carrying value
		Cost / Valuation and accumulated impairment
4,828,947	(4,196,899)	632,048
		4,828,947
		(3,937,906)
		891,041
Computer software		

Auditor General South Africa
Mpumalanga Business Unit

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

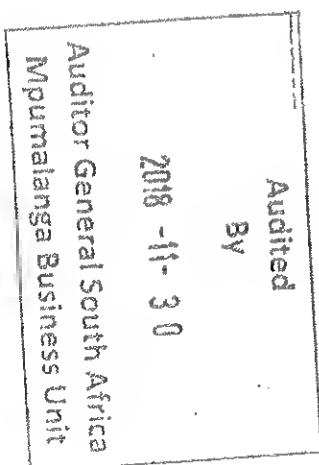
Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand

10. INTANGIBLE ASSETS (continued)

RECONCILIATION OF INTANGIBLE ASSETS -30 JUNE 2018

	Opening balance	Amortisation	Total
Computer software	891,041	(258,993)	632,048



BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand

10. INTANGIBLE ASSETS (continued)

RECONCILIATION OF INTANGIBLE ASSETS - 30 JUNE 2017

	Opening balance	Additions	Amortisation	Total
Computer software	982,722	805,243	(896,924)	891,041

PLEDGED AS SECURITY

None of the intangible assets were pledged as security during the current or previous financial year.

11. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	221,277,520	286,357,870
Retention and Surety	106,227,251	91,610,314
Accrued bonus	11,253,503	10,124,900
Other payables	(3,892,652)	17,312,908
Sundry creditors	101,715,673	145,879,689
	<u>436,581,295</u>	<u>551,285,681</u>

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By

2018 - 11 - 30

Auditor General South Africa
Mpumalanga Business Unit

12. CONSUMER DEPOSITS

Consumer Deposit

	<u>2,454,242</u>	<u>2,440,536</u>
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13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

UNSPENT CONDITIONAL GRANTS AND RECEIPTS COMPRISES OF:

UNSPENT CONDITIONAL GRANTS AND RECEIPTS	330,595	3,765,317
Regional Bulk Infrastructure Grant	-	3,815,012
Integrated National Electrification Programme	<u>330,595</u>	<u>7,580,329</u>

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand

14. PROVISIONS

RECONCILIATION OF PROVISIONS - 30 JUNE 2018

	Opening Balance	Additions	Total
Environmental rehabilitation provision	23,413,761	1,108,231	24,521,992
Leave provision	25,302,839	4,393,643	29,696,482
Long service awards	25,061,000	3,344,227	28,405,227
Provision for bulk purchases	29,068,537	-	29,068,537
	102,846,137	8,846,101	111,692,238

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2018 - 11 - 30
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Mpumalanga Business Unit

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand

14. PROVISIONS (continued)

RECONCILIATION OF PROVISIONS - 30 JUNE 2017

	Opening Balance	Additions during the year	Utilised during the year	Reversed during the year	Total
Environmental rehabilitation provision	5,565,585	-	-	-	23,413,761
Leave provision	17,848,175	(1,019,641)	-	-	25,302,839
Long service awards	26,322,480	4,573,000	(1,289,654)	(2,521,346)	25,061,000
Provision for bulk purchases	29,068,537	-	-	-	29,068,537
	97,538,193	10,138,585	(2,309,295)	(2,521,346)	102,846,137
Non-current liabilities	59,034,940	45,114,761			
Current liabilities	52,657,298	57,731,376			
	111,692,238	102,846,137			

ENVIRONMENTAL REHABILITATION PROVISION

The municipality has an obligation to rehabilitate the landfill sites in the Bushbuckridge municipal area.

The environmental rehabilitation provision represents the estimated costs to rehabilitate and close existing waste landfill sites. The provision is recognised at the present value of the expenditure expected to settle the obligation. It is carried at the amortised cost.

The rehabilitation costs were determined by OnePangea, who are qualified and experienced engineers.

Audited By	R 000 - 11" 30
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Valuations on land and buildings are performed every 4 (four) years into effect on 1 July 2014. Interim valuations are processed on an annual basis to determine assessment rates.

VALUATIONS

RATES LEVIED

21. PROPERTY RATES

21 PROPERTY BATES

19. OPERATING INCOME

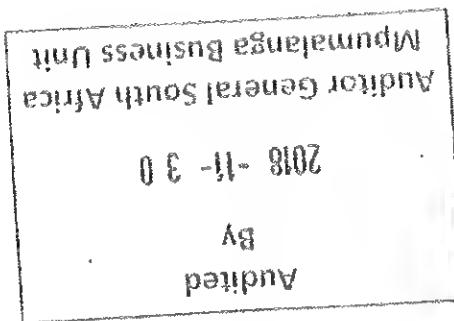
Figures in Rand 2017 2018

Notes to the Annual Financial Statements for the year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018

BUSHBUCKRIDGE LOCAL MUNICIPALITY

BUSHBUCKRIDGE LOCAL MUNICIPALITY	NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE	22. TRANSFERS AND SUBSIDIES
		Figures in Rand
		Annual Financial Statements for the year ended 30 June 2018
	Operating grants	Equitable Share
	Municipal Infrastructure Programme	Financial Management Grant
	Integrated National Electricity Sector Training Authority	Local Government Sector Education Training Authority
	Capital grants	Expended Public Works Programme Grant
Audited By	Ineligible grants	Operational Bulk Infrastructure Grant
		Municipal Water Infrastructure Grant
		Regional Bulk Infrastructure Grant
		Human Settlement Grant
		Water Services Infrastructure Grant
	All allocations to the municipality were received from National Treasury	CONSTITUTIONAL AND UNCONSTITUTIONAL
	This grant is used to enable the municipality to provide basic services in terms of Section 227 of the Constitution, the Equitable Share Grant	EQUITABLE SHARE
	This grant is used to enable the municipality to provide basic services to poor households and subsidises the cost of administration	MUNICIPAL INFRASTRUCTURE GRANT (MIG)
	in terms of Section 227 of the Constitution, the Equitable Share Grant	Current-year receipts
	Services to poor households and subsidises the cost of administration	Conditions met - transferred to revenue
	The grant is mainly used to fund infrastructure related projects (mainly	Current-year receipts
	by this grant) to promote and support reforms in finance	Conditions met - transferred to revenue
	implement the Municipal Finance Management Act.	Current-year receipts
	The purpose of the grant is to promote and support reforms in finance	Conditions met - transferred to revenue
	expand public works programme grant (EPPG)	EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPIG)



The purpose of the grant is to implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.

Balance unspent at beginning of year	3,815,012	Current-year receipts	1,175,895
Conditions met - transferred to revenue	(3,815,012)	Current-year receipts	(5,000,000)
Rollover	-	Current-year receipts	(2,380,883)
Balance unspent at beginning of year	3,815,012	Current-year receipts	1,175,895
Conditions met - transferred to revenue	(3,815,012)	Current-year receipts	(5,000,000)
Rollover	-	Current-year receipts	(2,380,883)

INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

The purpose of this grant is to construct bulk water line that will enable the municipality to reticulate water in its various areas.

Conditions still to be met - remain liable (see note 13).

Balance unspent at beginning of year	3,765,317	Current-year receipts	40,000,000
Conditions met - transferred to revenue	(3,765,317)	Current-year receipts	(2,669,405)
Rollover	-	Current-year receipts	(36,234,683)
Balance unspent at beginning of year	3,765,317	Current-year receipts	40,000,000
Conditions met - transferred to revenue	(3,765,317)	Current-year receipts	(2,669,405)
Rollover	-	Current-year receipts	(36,234,683)

REGIONAL BULK INFRASTRUCTURE GRANT (RBIG)

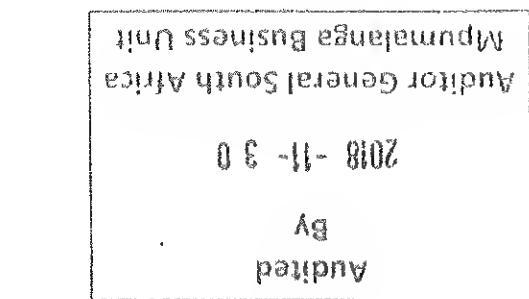
The purpose of the grant is to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas, in compliance with EPWP guidelines.

22. TRANSFERS AND SUBSIDIES (continued)

Figures in Rand	2018	2017
Notes to the Annual Financial Statements for the year ended 30 June 2018		

Annual Financial Statements for the year ended 30 June 2018

BUSHBUCKRIDGE LOCAL MUNICIPALITY



The figure relates to traffic fines for the current year

	Current year
	44,454,673 11,761,564

24. FINES AND PENALTIES

1. The municipality received R20 000 and R25 000 from Standard bank & First National Bank respectively to refurbish the upgrading of Agincourt booster and pumpstation in Bushbuckridge municipality.
2. Ehlanzeni District Municipality funded and implemented the upgrading of Agincourt booster and pumpstation in Bushbuckridge municipality.

	Public contributions and donations
	7,041,592 11,120,498

23. PUBLIC CONTRIBUTIONS AND DONATIONS

- The purpose of the grant is to facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a basic water supply service.

	Current-year receipts Conditions met - transferred to revenue Other
-	-
-	-
-	-
60,000,000	(20,000,000)
60,000,000	(40,000,000)
60,000,000	(20,000,000)

MUNICIPAL WATER INFRASTRUCTURE GRANT

- The purpose of the grant is to reticulate water in various areas of the municipality.

	Current-year receipts Conditions met - transferred to revenue
110,000,000	(110,000,000)
110,000,000	(150,000,000)

WATER SERVICES INFRASTRUCTURE GRANT

- The purpose of the grant is to assist in the reticulation of water for the community through increased water storage capacity.

	Current-year receipts Conditions met - transferred to revenue
44,000,000	(44,000,000)
44,000,000	(44,000,000)

HUMAN SETTLEMENTS GRANT

22. TRANSFERS AND SUBSIDIES (continued)

	Figures in Rand
	2018 2017

Notes to the Annual Financial Statements for the Year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Notes to the Annual Financial Statements for the Year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Figures in Rand

	2018	2017
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25. Employee related costs

Basic Bonus	240,919,867	268,357,038
UIF	13,809,540	15,476,023
Medical aid - company contributions	24,324,342	27,763,466
SDL	1,794,724	3,17,996
Leave pay provision charge	3,684,952	52,277,083
Pension	47,559,228	5,489,199
Over-time payments	3,318,208	1,264,773
Long-service awards	2,503,000	2,058,483
Car allowances	1,444,541	17,318,474
Housing benefits and allowances	490,895	373,516
Shift Allowance	110,333	3,122,882
South African Local Government Association	98,293	6,215,971
Rural Allowance	3,122,882	405,806,934
Annual Remuneration	362,349,050	

Audited By	2018	Auditor General South Africa Mpumalanga Business Unit
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Remuneration of municipal manager

Annual Remuneration	915,502	548,228
Car Allowance	356,979	355,588
Performance Bonuses	599,698	720,093
Contributions to UIF, Medical and Pension Funds	35,024	45,838
Acting Allowance	107,163	14,550
Rural Allowance	57,778	114,825
SDL, SALGA, Leave Layout and Reimbursement (km)	170,615	173,013
Annual Remuneration	1,140,028	999,634
Car Allowance	372,816	628,902
Performance Bonuses	372,816	628,902
Contributions to UIF, Medical and Pension Funds	48,237	48,237
Acting Allowance	16,374	15,311
SDL, SALGA, Leave Layout and Reimbursement (km)	48,237	1,613,874

Remuneration of Chief Finance Officer

Annual Remuneration	1,140,028	999,634
Car Allowance	372,816	628,902
Performance Bonuses	372,816	628,902
Contributions to UIF, Medical and Pension Funds	48,237	48,237
Acting Allowance	16,374	15,311
SDL, SALGA, Leave Layout and Reimbursement (km)	48,237	1,613,874

Mrs CA Nkuna was the Chief Financial Officer during the year under review.

Annual Remuneration	726,828	787,904
Car Allowance	461,472	496,693
Performance Bonuses	37,021	58,933
Contributions to UIF, Medical and Pension Funds	1,785	1,785
Acting Allowance	70,775	97,377
SDL, SALGA, Leave Layout and Reimbursement (km)	11,421	1,238,527

Mr E Mashava was the Technical Director during the year under review.

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand 2017 2018 2019

25. Employee related costs (continued)		Remuneration of Director Corporate Services		Annual Remuneration	
Audited		By		Car Allowance Performance Bonuses	
726,828	764,202	2018 - 11 - 30		19,1346	446,875
				58,933	468,504
				68,504	764,202
				11,332,854	1,217,305
				1,332,854	1,217,305
				16,450	12,540
				24,765	19,716
				Auditor General South Africa	19,716
				Mpumalanga Business Unit	19,716
				Contribution to UIF, Medical and Pension Fund	19,716
				SDL, SALGA, Leave Layout and Reimbursement	19,716

Remuneration of Director Local Economic Development Planning and Environment

Mr R Khoza was the Director Corporate and Human Resources during the year under review.

Mrs S Mogakane was the Director for Local Economic Development, Planning and Environment for the year under review.

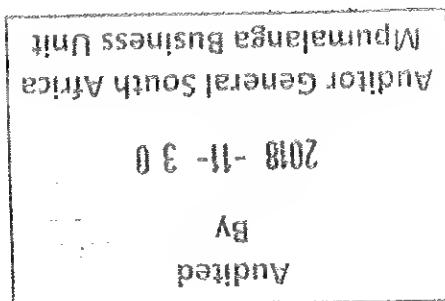
26. REMUNERATION OF COUNCILLORS

DR LZ Mkhabela was the Director for Community Services Directorate for the year under review.

- The Executive Mayor, Speaker and Major General Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.
- The Executive Mayor is provided with a Council owned vehicle for official duties.
- The Executive Mayor has two full time bodyguards.
- The remuneration of councillors and political office-bearers are within the upper limits.

IN-KIND BENEFITS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018		
BUSHBUCKRIDGE LOCAL MUNICIPALITY		
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018		
FIGURES IN RAND		
27. DEPRECIATION AND AMORTISATION	2018	2017
Property, plant and equipment	96,974,687	83,131,938
IMPAIRMENT OF ASSETS	7,944,908	-
PROPERTY, PLANT AND EQUIPMENT	95,974,687	83,131,938
28. IMPAIRMENT OF ASSETS		
PROPERTY, PLANT AND EQUIPMENT	19,331,593	22,850,016
FINANCIAL COSTS		
Trade and other payables	19,331,593	22,850,016
DEBT IMPAIRMENT		
The interest disclosed is mainly current interest cost for the year.	16,473,586	3,192,786
DEBT IMPAIRMENT TRAFFIC	144,540,458	66,354,362
IMPAIEMENT OF CONSUMER RECEIVABLES	161,014,044	69,547,148
BULK PURCHASES		
Water	196,493,342	212,877,638
32. CONTRACTED SERVICES		
OUTSOURCED SERVICES AND CONSULTANTS	78,814,554	62,085,678
PROFESSIONAL SERVICES AND CONSULTANTS	44,622,162	33,514,144
CONTRACTORS	22,615,693	13,654,162
33. TRANSFERS AND SUBSIDIES		
OTHER SUBSIDIES	13,617,199	16,600,813
INDIGENT RELIEF		



BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements for the Year ended 30 June 2018

Figures in Rand
2018 2017

Advertisings	665,411	
Auditor's remuneration	5,725,788	
Bank charges	635,806	
Discount allowed	508,377	
Fines and Penalties	1,210,339	
Hire	352,743	
Insurance	8,734,289	
IT expenses	9,459,454	
Community development and training	2,631,380	
Postage and courier	4,097,906	
Fuel and oil	4,390,342	
Printing and stationery	1,236,160	
Travel - Local	2,804,756	
Procreative clothing	3,402,047	
Subscriptions and membership fees	4,813,819	
Telephone and fax	100,999	
Travel - Other	166,478	
Utilities - Local	5,584,424	
Utilities - Other	1,896,619	
Local Economic Development Expenses	9,722,642	
Other expenses	4,816,477	
Commodity Assets	1,978,151	
Infrastructure Assets	23,561,998	
Buildings	15,970,737	
Other Assets	6,420,921	
REPAIRS PER ASSET CLASS	25,340,106	

35. REPAIRS AND MAINTENANCE

External Auditors fees	5,725,788
5,320,715	
32,174,328	
3,773,874	
1,978,151	
23,561,998	
15,970,737	
970,297	
207,746	
4,630,710	
6,420,921	
25,340,106	

36. AUDITORS' REMUNERATION

External Auditors fees	5,725,788
5,320,715	
32,174,328	
3,773,874	
1,978,151	
23,561,998	
15,970,737	
970,297	
207,746	
4,630,710	
6,420,921	
25,340,106	

Included in Note 32 for Contracted services is the repairs and maintenance as per the disclosure below:

35. REPAIRS AND MAINTENANCE

Mpumalanga Business Unit	Auditor General South Africa
2018 - II - 30	
By	
Audited	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 2018

Annual Financial statements for the year ended 30 June 2018

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Figures in Rand 2018 2017

37. CASH GENERATED FROM OPERATIONS

Surplus            <img alt="triangle icon" data-bbox="13295 948 13

ADJOSIMEN'S FUR!

(Loss) gain on sale of assets and liabilities
7,944,908 167,390

Movements in provision for impairment

Disposal of assets Admitted gains	30 March	30 September	30 June	31 December
-	-	-	-	-
2,521,346	-	-	-	-
12,964	-	-	-	-
12,964	-	-	-	-
355	-	-	-	-

INVENTORIES

Receivables from Exchange Transactions Receivables from Pooled Exchanges

VAT Payables from existing

Unspent conditional grants and receipts

38. COMMITMENTS

AUTHORISED CAPITAL EXPENDITURE

ENCOURAGE AND PUBLISH YOUR GROWTH

ALREADY CONTRACTED FOR BUT NOT PROVIDED FOR

AUTORISÉ D'OPÉRATIONNEL EXPÉDITION

Approved and Contracted for [REDACTED] by [REDACTED]

This committed expenditure relates to plant and equipment and will be financed by inter alia grant funds, existing cash resources and funds internally generated. The committed items disclosed is inclusive of VAT.

MINIMUM LEASE PAYMENTS DUE

- within one year	3,197,661
-	-
-	3,197,661
4,006,222	
3,197,661	
8,005,883	
3,197,661	

Operating lease payments represent terms payable by the lessee company for certain of its owned equipment. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable.

Mpumalanga Business Unit	Auditor General South Africa
2018 - II - 30	By Audited

The Internal Audit Unit investigated the unauthorised expenditure for the 2016/17 financial year. The current year unauthorised expenditure is under investigation by Internal Audit Unit.

Opening balance	467,183,789
Current year	(120,431,810)
45,172,819	391,924,798
411,862,979	467,183,789
55,320,810	(120,431,810)
45,172,819	467,183,789

42. UNAUTHORISED EXPENDITURE

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

INTEREST RATE RISK

Market risk is the risk that changes in market prices such as interest rates affect the municipality's income or the value of financial instruments holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

MARKET RISK

Financial instrument	2017	2018	2019
FNB Bank	89,950,107	104,375,995	5,270,740
Standard Bank	8,429,216	295,701,816	514,933,398
Receivable from exchange transactions	300,779,807	431,067,762	431,067,762
Receivable from non exchange transactions	514,933,398	431,067,762	431,067,762
Accounts Payable	(551,285,681)	(436,581,290)	(436,581,290)

Financial assets exposed to credit risk at year end were as follows:

factors.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other

parties.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

CREDIT RISK

The municipality's risk to liquidity as a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

LIQUIDITY RISK

41. RISK MANAGEMENT

Figures in Rand	2017	2018
2017	2018	2017

Notes to the Annual Financial Statements for the Year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018

BUSHBUCKRIDGE LOCAL MUNICIPALITY

PAYE, SSDL AND UIF	Opening balance	Current year subscription / fee	Amount paid - current year (62,535,166)
	3,927	62,531,239	(62,535,166)

45. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCIAL MANAGEMENT ACT (continued)

Figures in Rand 2018 2017

BUSHBUCK RIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements for the year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements for the year ended 30 June 2018

PENSION AND MEDICAL AID DEDUCTIONS

Opening balance	Current year subscription / fee	Amount paid - current year
5,081,448	92,752,354	(87,670,906)
98,599,666	(103,482,650)	(87,670,906)
198,464	5,081,448	5,081,448

VAT output payables and VAT input receivables are shown in note 8.

In some months the municipality submitted the VAT returns late.

In some months the municipality submitted the VAT returns late.

The following Councillors had arrear accounts outstanding as at 30 June 2018:

COUNCILLORS' ARREAR CONSUMER ACCOUNTS

In some months the municipality submitted the VAT returns later

In some months the municipality submitted the VAT returns late.

VAT output payables and VAT input receivables are shown in note 8.

INCIDENT	Emergencies	Emergency Services	Specialised Services
2,826,329	3,821,352	466,148	91,294
2,826,329	3,821,352	466,148	91,294
2,917,623	4,287,500	4,287,500	2,917,623

11

STATEMENT OF FINANCIAL POSITION		STATEMENT OF FINANCIAL PERFORMANCE	
Receivables from exchange transactions	(53,050,500)	Property plant and equipment-land	Decrease in receivables from exchange transactions
(591,320)	(55,172)	Trade payables-Goods-Trade	Trade payables-Goods-Goods
(55,172)	(12,193,586)	Other property,plant and equipment	Decrease in other property,plant and equipment
519	519	Auditor General South Africa	Decrease in accumulated surplus
85,890,059	85,890,059	Mpumalanga Business Unit	Decrease in operating income
11,120,498	11,120,498		Public contributions and donations
(11,120,498)			Decrease in surplus

All donations are non-exchange transactions, hence the reclassification to public contributions from other income under revenue from exchange transactions. This will give the user a more reliable and relevant information.

3. Other property plant and equipment relates to accumulated depreciation for furniture and fittings.

4. Payables from exchange transaction adjustment were due, involving debt of suppliers, write off of supplier debt balances.

3. Recyclable from exchange and non exchange transactions emanated from incorrect billing done to certain customers.

¹. Land values for the 2016-17 were restated. The restatement was to effect the changes as per the deeds information.

47. PRIOR PERIOD ERRORS

The reclassification in the annual financial statements provides a reliable and more relevant information about the effects of the transactions on the municipality, or class of transactions. The expenditure is classified based on the nature of the expenses to provide reliable and relevant information.

General expenses and repairs and maintenance reclassified to contracted services

RECLASSIFICATION

The following reclassifications adjustment occurred:

RECLASSIFICATIONS

DISCLOSURE NOTES

46. RECLASIFICATION

Notes to the Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements for the year ended 30 June 2018

Annual Financial Statements for the year ended 30 June 2018

BUSHBUCKRIDGE LOCAL MUNICIPALITY